THE FINANCIAL POST
OF CANADA

A weekly newspaper aiming to present to the public in a popular manner, accurate information relating to the financial interests and the legitimate investments of Canada.

OFFICE—10 FRONT STREET, EAST, TORONTO

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WHY WE ARE HERE

THE DEMAND FOR A POPULAR FINANCIAL NEWSPAPER GIVING ALL THE NEWS

The Lines on Which It Will Be Conducted.

By the President.

There is a vast amount of news affecting the various Canadian investments, which actual holders and would-be buyers of these securities—and there are many thousands of them—would like to read. As few people have time to peruse more than one or two papers they miss much of importance appearing in those they do not read. Some have endeavored to meet this by placing an order with a Press-Clipping Bureau which reads all the Canadian and the leading British and United States newspapers. But this is costly, and a lot of important matter must be read and revised before finding passages or clippings of vital importance.

For a long time I have seen the necessity for a weekly newspaper that would sort out the important and reliable information thus available on each of the legitimate investments of Canada, and present it in a manner readily understood and easily perused by the general reader; a paper that would not only give the news thus obtained, but add to it by special inquiries through expert writers from the best authoritative sources. These thoughts developed other ideas and eventually I decided upon the establishment of a paper that would not encroach on the field of old established weekly commercial and financial journals, of which there are several excellent ones in Canada.

For the production of such a newspaper, I believe I have a system and a plant which are not merely adequate, but are capable of producing excellent results. To secure the editorial cooperation which was absolutely essential, was a more difficult matter. I recalled, however, that when I was commercial editor of the Toronto Empire, there was a very well-equipped writer on the staff of that paper, who had been found equal to nearly every editorial capacity in a daily newspaper. Subsequently I had noticed in a Toronto daily occasional articles on financial [illegible] jects which [illegible]

By the Editor.

A search through the files of the London Times for the first twenty-five years of the last century reveals the fact that no article or paragraph has Canada for its subject. British North America, strange to add, is not mentioned even in the stirring days of 1812-14, when a mention would have been thought unavoidable. Very recently the London Times stated that the most significant fact in the annals of the Empire to-day was the expansion of Canada. It has now daily reports of transactions on the Canadian stock exchanges. Canadian securities are features of importance on the London Stock Exchange; Canadian Pacifics and Hudson Bays have been for months the most prominent stocks quoted.

The great growth of this country in the past few years, the rapid development of our natural resources, the almost world-wide realization of the field offered in the Dominion for sound investments, easily indicate that the time is ripe for a weekly financial newspaper.

It is proposed to publish a paper which will endeavor in an accurate, but readable maner, to inform the public in regard to Canadian securities, Canadian investments and Canadian financial institutions. Financial writers are prone to make their productions uninteresting to the general reader. Their articles are usually intended for the expert, or the statistician, yet finance has most interesting and engrossing phases. It has its romances and its myths. These latter the public are sometimes even led to believe, constitute what are known as the elements of high finance. To show, however, that finance is not necessarily composed of these ingredients, to expound the merits of well-founded securities and not to omit the myths, can be made agreeable for every reader. These features of the financial world can be presented with accuracy and readability.

It [illegible]

THE GREAT COMPANY

A FINANCIAL HISTORY OF HUDSON BAYS.

The Original Shares are now Quoted on a Basis of £120,000—The Fluctuations in Canada's Oldest Joint-Stock Company Stock.

I.

"Bays, 102 1-2" was the London Cable on October 16.

The shares had at last gone over the Century-mark, and have been since advanced to £130, receding again to about £112.

On this basis the quotation of an original share of one hundred pounds was over one hundred thousand pounds, and since that time they have advanced to one hundred and thirty thousand pounds, and yet the "Governor and Company of Adventurers of England trading in Hudson's Bay," who in 1667, contributed the sum of £10,500, would not perhaps have been surprised to see their holdings increased one thousand fold. They would rather have rubbed their eyes in amazement could they foresee that 240 years would elapse ere their Golcondan dreams would be fully realized. Much more surprised are the later shareholders of thirty years ago, many of whom still exist, at the remarkable rise in their holdings of Hudson Bay, which is the oldest joint-stock company operating in Canada, and which is amongst the oldest companies in the world that has enjoyed a continuous existence.

Two interesting and valuable histories have been written of the great Company, one by Dr. George Bryce of Winnipeg, the other by Beckles Wilson of London; and while they are replete with narrative by which the annals of the Canadian Northwest are illuminated, the financial side of Hudson Bays, the stock values and the stock quotations, are only slightly touched upon.

It is proposed in a series of articles in this newspaper to deal with these features of the historical company, and the theme of the first contributions will be to trace the price of the stock through its varied career.

Formation of the Company.

The Company was first formed in 1667, at the instance of two intrepid fur traders; Frenchmen, who had come to Canada, and realized the value of the fur business, then returned to France to interest the "Most Christian King," Louis XIV, and who, meeting with a cold reception in Paris, were induced to come to London and there lay their plans [illegible] most enterprising spirits who [illegible]

increase their shares to £378,000 divided into 3,780 of £100 each, and to invite the public to subscribe, when the collapse of the South Sea Company caused the Hudson Bay Company to cancel this resolution and to adopt the more conservative measure of merely trebling the capital, which stood at the beginning of 1721 at £94,500.

Forty Per Cent.

The fur trade had now become firmly established, in spite of the encroachments of the French traders and the Courreurs De Bois. The dividends for the next twenty years must have been handsome, even in dull times. The earnings were 40 per cent. on the paid-up capital. The Company's monopoly caused much envy in London, and there were several attacks, which caused a Parliamentary enquiry in 1749, against which the Adventurers successfully defended themselves. The outbreak of hostilities between France and England in 1744 again hampered the operations. There was a movement to increase the capital stock, and on the original paid up amount of £31,500, a ten per cent. assessment was made, amounting to £3,150, in cash or £9,450 in shares which increased the nominal capital from £94,000 to £103,450.

The conquest of Canada in 1759 by Wolfe's victory, was a momentous event for the Company, and the shares rose in market value, enhanced also by the very large claims which the Company filed against the French Government for destruction of forts and supplies, but which they never succeeded in collecting.

The Canadian Competitors.

The Scotch, who had migrated to Canada in the forties, and after the conquest were not long in seeing the possibilities of the fur trade, and these grew into formidable competitors. They followed in the footsteps of the French license holders and employed the roving French-Canadians in the work. In 1783 the Canadian traders, or Montreal merchants, combined in the famous North West Company. The warfare between the English and the Canadian Companies began in earnest, and for many years a thriving trade was handicapped by bloody encounters and depredations in which the Canadians appear to have been the aggressors.

The Napoleonic war deprived the Company of the Continental market for the furs, and in 1808, no dividend was paid. Prior to this time the capital had been increased from the odd figures to £105,000.

A Fight for Control.

In 1810, however, the shares which had previously been depreciated, began to show activity. Lord Selkirk, to whom Canada owes more than it knows, had planned his far sighted settlements and [illegible]

THEN AND NOW

PARALLEL COLUMNS THAT TELL A GRAPHIC STORY

C.P.R. and its Jeremiah—A Quarter Century Ago—A Bear Prophecy That Went Wrong—The Dominion a Fraud.

Twenty-five years ago last August the Canadian Pacific Railway Company made their first issue of bonds. The London Truth, which gives much space and attention to the security market was very bearish on Canada. The Little England spirit of the Radical Editor may have evidently tinged the ideas of the financial writer. A comparison between 1881 and 1906 is interesting as illustrating the growth of Canada and the C.P.R., in 25 years.

THEN.

Truth, September 1, 1881.

The Canadian Dominion Bubble.

The "Canadian Pacific Railway Company" has begun, I see, to launch its bonds. "A group of Montreal and New York Bankers" has undertaken to "float" ten million dollars' worth of the Company's land grant bonds, and the Bank of Montreal, with its usual courage, has taken one-fourth of the entire loan. This announcement looks as if the Canadians were going to raise the necessary capital on the other side of the water, but I have a shrewd suspicion that they have no real intention of doing anything of the kind. The New Yorkers are keen enough gamblers, and reckless enough at times, I admit, and yet it is impossible to believe that they are such fools as to put their money into this mad project. I would as soon credit them with a willingness to subscribe hard cash in support of a scheme for the utilization of icebergs. The Canadian Pacific Railway will run, if it be ever finished, through a country frost-bound for seven or eight months of the year, and will connect with the eastern part of the Dominion a province which embraces about as forbidding country as any on the face of the earth. British Columbians, they say, have forced on the execution of this part of the contract under which they became incorporated with the Dominion, and believe that prosperity will come to them when the line is made. This is a delusion on their part. British Columbia is a barren, cold, mountainous country, that

Is Not Worth Keeping.

It would never have been inhabited at all unless by trappers of the Hudson's Bay Company, had the "gold fever" not taken a party of mining adventurers there; and ever since that fever died down the place has been going from bad to worse. Fifty railways would not galvanize it into prosperity.

[illegible]

NOW.

Truth, September 12, 1906.

"It has been calculated that the land account surplus, the railway surplus, and the unsold land together, represent an amount equal to the par value of the common stock, and the figures in the account support this view. So the present market premium on the shares represents all that is commanded in market value for a railway, which during 1905-6 earned 12 per cent. upon the entire common stock. Obviously this is ridiculously cheap, especially as the continued prosperity of Canada ensures good business for the railway for some time to come. The traffic returns for the last ten days in August was again a bumper."

Truth, Dec. 19th.

"Canadas have enjoyed a sharp spurt and have been strong throughout, rising to $202\frac{1}{2}$, which compares with a lowest this year of $161\frac{7}{8}$, and a previous best of $189\frac{1}{4}$. The company's earnings are on a very large scale and its shares make a most attractive holding to put away for a time. They give you a very fair return in the meantime. I have enlarged on so many occasions on the merits of Canadian Pacifics that I am under no necessity to say much now, but I may draw attention to the fact that the shares are attractive and that they possess decided possibilities of appreciation."

Financial Times, Nov. 22.

At 185 the entire Canadian Pacific common stock, including the new issue, is valued at 45 millions sterling, railway and land together, but the real value may be estimated as follows:—

Estimated value of common stock earning 14 per cent. from railway alone at $200 per share...... ...	£48,675,000
Estimated value of 16,000,000 acres of land at $5 per acre.........	£16,000,000
	£64,675,000

This is equal to $265 per share.

GRAND TRUNK PACIFIC

THE GREAT PROMISE OF THE NEW TRANSCONTINENTAL LINE.

Its Freedom From Fixed Charges—Productive Territory to be Opened Up—Economy in Operation—The Absence of Heavy Grades—Its Easy Pass Over the Mountains—G.T.R. and National Line Ultimately a System of 13,400 Miles.

The Grand Trunk Pacific now removed from the arena of politics, is claiming the attention and the pride of the people of Canada. It is not merely that it becomes another National Transcontinental Railway, every inch of which is in Canadian territory; not merely that it forges another link in the Empire's bonds by reducing the distance between Europe and Asia by two days; not merely that it opens up a fertile wheat-growing district in the Northwest, but in the more distant future its greatest value will be its [illegible] velopment of [illegible] Ontario and Qu[illegible] ively rich in min[illegible] actually opulent in timber, now becoming a sore necessity to the treeless Northwest and the settled portions of Eastern Canada. There is yet another reason why Canadians should devoutly wish for its success. Of all existing Canadian securities in which British capital has been interested, Grand Trunk Railway has been, in the past, a disappointment. Extravagance and mismanagement, added to undue capitalization in its earlier annals have caused Grand Trunk stock to seek a lower plane than any other investment in Canada. Now an able m[illegible]agement and the great growth a[illegible] perity of Eastern Canada [illegible] ing the misfortunes and [illegible] lier years, but th[illegible] cific will [illegible] the old[illegible]

B[illegible]

BANK OF MONTREAL

(ESTABLISHED 1817)

Capital (all paid up), $14,400,000.00. Rest, $11,000,000.00. Undivided Profits, $159,831.84

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BOSTON, J. B. Moors & Co.
BUFFALO, The Marine Natl. Bank, Buffalo
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THE MERCHANTS' BANK OF CANADA

ESTABLISHED 1864

HEAD OFFICE - - - - MONTREAL

Capital Paid-up - - - - $6,000,000
Reserve Fund and Undivided Profits, $3,674,596

The Bank has 118 Branches and Agencies distributed through Ontario, Quebec and the Western Provinces.

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Commercial and Travellers Letters of Credit issued, available and payable, respectively, in all parts of the world.

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THE MOLSONS BANK

Capital paid up, $3,000,000
Reserve Fund, - 3,000,000

JAMES ELLIOT - General Manager
A. D. DURNFORD - Chief Inspector

60 BRANCHES THROUGHOUT CANADA

...POLITAN
...ANK

THE FINANCIAL POST
OF CANADA

A weekly newspaper aiming to present to the public in a popular manner accurate information relating to the financial interests and legitimate investments of Twentieth Century Canada.

No paid advertising will be inserted in the reading columns unless marked "Advertisement" excepting in the case of Official reports of annual or other meetings of corporations.

The acceptance and insertion of an advertisement shall in no way be taken as an indication of the approval of the editoral department; the latter shall be free to comment or criticize, if necessary, as their study of the situation demands.

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$2.00 per inch single insertion.
$1.50 per inch each issue for six months.
$1.00 per inch each issue for one year.

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President, - - - John Bayne MacLean
Managing Editor, - - - Stewart Houston

TORONTO, January 19, 1907.

The plans of this paper as outlined in the opening articles on the first page by the president and the editor have been accorded the most hearty reception by the leading bankers and financiers to whom they have been communicated. This number is in a measure the evolution of these ideas. A first issue must necessarily contain many imperfections and it does not measure up to our desires, much less our ideals, but we hope to show a steady improvement each week as we complete our news organization. We are open to any suggestions or criticisms and these will be received with gratitude and humility.

BANK COURTESY.

An Example From England—Chester Could Not Change Her Bankers.

Competition grows keener with the enlargement of the branch bank system in Canada. Sometimes in the struggle the directing officials may forget the basis of banking business—mutual confidence and honorable principle. The banks of a new country especially, must rely for a great safeguard on the inculcation of commercial honesty. They are the exemplars to their customers of the code of honor. In the struggle of competition sometimes the banks themselves may not remember that if they take advantage of a comrade their customers may take advantage of them.

What occurred recently in connection with the City of Chester in England is illuminating. Certain members of the municipal council having come to the conclusion that Parr's Bank, the present Corporation Bankers, were overcharging them, decided that tenders should be invited from all the local banks for the city's account.

And this is what happened.

The Parr's Bank official wrote a courteous letter explaining existing charges ...

ly another will appreciate sufficiently to cover the deficiency of the losing investment. Messrs. Forget & Co. have received a number of these portfolios in the past to embrace Canadian stocks and such issues as Montreal Street Railway, Toronto Railway, Montreal Power, Dominion Steel Bonds and Canadian Banks have been joined.

SELF HELP SERIES

This is a department which we hope will be found inspiring and interesting to young men and women. There will be thousands of them in the employment of subscribers to the Post. The attention of the employers might also be directed to these articles.

THE SAVING HABIT.

How it may be acquired—Here a Little and There a Little.

The days of the long stocking hoard and the sub-mattress bank, even in the most rural farmhouse of Canada, are fast departing. As temporary depositaries they are excellent institutions. A branch bank was recently opened in a small hamlet where it looked as if there were not $10,000 in cash available in the whole country-side. In less than three weeks, the deposits reached $50,000.

The habit of saving counts more than the amount saved, especially in the beginning. Those who continually are planning to save some day, when it shall be convenient, seldom save anything at any time. Those, on the contrary, who make a practice of saving regularly find it possible to save under conditions decidedly unpromising. And the smallest sums, saved steadily, in due season make totals of surprising size.

A loving and thrifty father rendered possible the special course that his young son desired and needed by "going halves" on the cigar question and outlay during the boy's infancy and high-school years. Every time he smoked a cigar he dropped an equivalent sum into a small bank kept for the purpose and periodically emptied in the bigger bank's favor, with a result as physically helpful as mentally satisfactory to him. Another impecunious but affectionate father for years saved all the loose change found in his pockets when he drew his weekly salary to purchase little refinements and luxuries for his family. Guitars, violins, concert and theatre tickets, holiday trips and many other good things came out of the "spare change fund" and left nobody feeling the poorer. A mother, saving all the pennies that came to her household purse, purchased a fine dictionary, a piano and a good picture, in a surprisingly short space of time.

A bright Chicago girl began a course at College not long since. There is not much money in her family, and a friend expressed surprise that so good and expensive an educational centre could be afforded.

"Oh, mamma's to blame for it, bless her!" was the prospective freshman's pleased explanation, "She's been sav- ...

BANKS IN THE NORTH WEST

A REVIEW OF CONDITIONS IN THAT COUNTRY.

The Great Increase in Branches—Twenty-four in '96, 363 in '06—A Bank to Every Elevator—The Grain Business Profitable—The Lesson of the Eighties—The Banks and Land Operations.

(From our Winnipeg Correspondent.)

The rapid increase of branches of the Canadian chartered banks throughout Manitoba, Alberta, and Saskatchewan within recent years has been enormous. There were 24 in 1896 and at present writing 363.

Every day branches are being opened, chiefly in small towns or villages with populations from one hundred upward. In a great many cases the branches are opened in the vicinity of large towns less than twenty miles away which are well supplied with banking facilities.

When there is room for one grain elevator, there appears to be room for a bank, and although a second elevator could not exist, yet one bank will struggle along.

When one considers that each of these small branches, have as a rule, not less than a manager and two clerks to look after its business, and the usual office rent and current expenses to meet besides paying salaries, one wonders why it is that it is the exception, to hear of a branch being closed in the Northwest.

It has been said by Mr. E. S. Clouston, the General Manager of the Bank of Montreal that the West is endangered by the widesperad growth of branch banks. His view of the situation appears to be that the return does not warrant the outlay of capital, and that if a period of hard times was to set in, it would mean the closing of these branches, with loss of money and prestige to the banks.

But Mr. B. E. Walker, the General Manager of the Canadian Bank of Commerce, appears to take a diametrically oppsite position. Mr. Walker points out that, although a bank may open at a place where it does not immediately start to earn profits, yet the outlay is warranted by the exceedingly rapid expansion of the West. His confidence in the West is shown by his policy of taking time by the forelock, and he believes that, although a branch may struggle along for a year or two, yet if situated in a good agricultural district, is in a short time, bound to be self-supporting.

The financial situation in Western Canada to-day, is in nothing like the condition that existed in the eighties; then the breaking of the land boom crippled the banks so badly, that several of the few branches that existed outside of Winnipeg were closed. One bank made such severe losses that it withdrew from Winnipeg and Western Canada, outright.

The land boom of the ...

THE CANADIAN BANK OF COMMERCE

PAID-UP CAPITAL, - - -
REST, - - - -

Head Office - - TORONTO

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The Bank of England; The Bank of Scotland; Lloyds Bank, Limited; The Union of London and Smiths Bank, Limited

The Dominion Bank

HEAD OFFICE - TORONTO, ONT.

Capital Paid-up	$3,000,000
Reserve Fund	3,900,000
Deposits by the Public	35,000,000
Total Assets	46,000,000

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THE BANK OF TORONTO

Incorporated 1855

HEAD OFFICE, TORONTO, ONT.

THE STERLING BANK

...NADA

THE CANADIAN BANK OF COMMERCE

Report of the Proceedings of the Annual Meeting of Shareholders, Tuesday, 8th January, 1907.

The fortieth Annual Meeting of the Shareholders of the Canadian Bank of Commerce was held in the banking-house on Tuesday, January 8, 1907, at 12 o'clock.

The President, Hon. George A. Cox, having taken the chair, Mr. F. G. Jemmett was appointed to act as Secretary, and Messrs. Aemilius Jarvis and W. M. Alexander were appointed scrutineers.

The President called upon the Secretary to read the Annual Report of the Directors, as follows:—

REPORT.

The Directors beg to present to the Shareholders the fortieth Annual Report, covering the year ending November 30, 1906, together with the usual Statement of Assets and Liabilities:

The balance at credit of Profit and Loss Account brought forward from last year was...	$ 58,871 76
Net profits for the year ending 30th November, after providing for all bad and doubtful debts, amounted to...	1,741,125 40
	$1,799,997 16

Which has been appropriated as follows:—

Dividends Nos. 78 and 79, at seven per cent. per annum.	$ 700,000 00
Bonus of one per cent.	100,000 00
Written off Bank Premises.	341,434 73
Transferred to Pension Fund (annual contribution)	30,000 00
Subscription to San Francisco Relief Fund	25,000 00
Transferred to Rest Account	500,000 00
Balance carried forward	103,562 43
	$1,799,997 16

The entire assets of the Bank have, as usual, been carefully revalued, and ample provision has been made for all bad and doubtful debts.

Last year we were able to show earnings which were the largest in the history of the Bank. This year we have again made satisfactory progress, our net earnings amounting to $1,741,125.40, or about $370,000 more than last year. In view of these handsome profits, your Directors decided that the time had come to increase the annual distribution to the Shareholders, and, in addition to the usual dividend at the rate of seven per cent. per annum, they have declared a bonus of one per cent., making a total distribution of eight per cent. for the past year. After providing for this increased distribution and for the annual contribution to the Pension Fund, we have been able to write $341,434.73 off Bank Premises and to add $500,000 to the rest, which now stands at $5,000,000, or 50 per cent. of the Paid-up Capital.

In accordance with an agreement made in the early part of the year, this Bank took over, as on the 1st of June last, the business of the Merchants Bank of Prince Edward Island, which gave us new branches at Charlottetown, Summerside, Alberton, Montague and Souris, all in Prince Edward Island. The branch which that Bank had at Sydney was amalgamated with our own branch there. The six months' experience which we have had with our new business gives us every reason to be satisfied with the purchase.

In addition to the offices thus acquired the Bank has opened during the year new branches at the following points: In Alberta, at Bawlf, Crossfield, Gleichen, Leavings, Stavely, Stony Plain, Strathcona and Wetaskiwin; in Saskatchewan, at Canora, Humboldt, Kamsack, Langham, Lashburn, Radisson, Vonda, Wadena, Watson and Weyburn; in Manitoba, at Norwood, and at Alexander avenue, at Blake street and at Fort Rouge, Winnipeg; in Ontario, at Fort William, Kingston, Latchford, Lindsay, Ottawa (Bank street), Parry Sound, and Wingham, and at Parkdale and at 197 Yonge street, in the city of Toronto; in Quebec, at West End, Montreal, and in the city of Quebec; in the United States, at the corner of Van Ness and Eddy streets, San Francisco. The branches at Sackville, N.B., and Canning and Lunenberg, N.S., have been closed. Since the close of the Bank's year branches have been opened at De Lorimier, Que., and Innisfree, Alta.

It is with deep regret that your Directors record the death of their late colleague, Mr. W. B. Hamilton, who for nearly twenty-two years had been a Director of the Bank. Until his health began to fail Mr. Hamilton was rarely absent from the meetings of the Board, where his long experience in business made him at all times a wise and prudent counsellor. To fill the vacancy the Directors elected the Hon. W. C. Edwards of Rockland.

An amendment to the by-laws will be submitted for your approval, increasing the number of Directors from twelve to fourteen.

In accordance with our long-established practice, the branches and agencies in Canada, the United States and Great Britain, and the various departments of the Head Office of the Bank, have been inspected during the year.

The Directors have again pleasure in recording their appreciation of the efficiency and zeal with which the officers of the Bank have performed their respective duties.

GEORGE A. COX, President.
Toronto, 8th January, 1907.

GENERAL STATEMENT

30TH NOVEMBER, 1906.

LIABILITIES.

Notes of the Bank in circulation		$9,199,204 68
Deposits not bearing interest	$22,626,899 72	
Deposits bearing interest, including interest accrued to date	64,525,637 10	
		87,152,536 82
Balances due to other Banks in Canada		177,623 57
Balances due to Agents in Great Britain		398,781 58
Balances due to other Banks in foreign countries		1,063,750 89
Dividends unpaid		500 [illegible]
Dividend No. 79, payable 1st December		350,000 00
Bonus of one per cent. payable 1st December		100,000 00
Capital paid up	$10,000,000 00	
Rest	5,000,000 00	
Balance of Profit and Loss Account carried forward	103,562 43	
		15,103,562 43
		$113,545,960 91

ASSETS.

Coin and Bullion	$4,041,456 76	
Dominion Notes	5,935 [illegible]	
		9,976,465 01
Deposits with Dominion Government for security of Note circulation		4[illegible]7,450 00
Notes of and cheques on other Banks		4,361,228 07
Balances due by other Banks in Canada		38,986 5[illegible]
[Balan]ces due by Agents of the Bank [and o]ther Banks in foreign countries		2,4[illegible],680 49
[illegible] Bonds, Municipal and other [illegible]		6,[illegible]1,456 93
[Call and] Short Loans		9,00[illegible],395 08
		$[illegible] 10
[Cur]rent Loans and Discounts [illegible] Debts (loss [illegible]		[illegible]

In moving the adoption of the Report, the President said in part:

President's Address.

The statements of the Bank which have been laid before you are, as you will realize, the best in its history. A year ago we expressed the fear that the profit of about 14 per cent. on the capital might not be repeated, but we now come before you with a statement showing a profit of 17 4-10 per cent. It is perhaps needless to say again that the circumstances under which these profits have been made are exceptional, and that we must not be disappointed if in subsequent years a lower percentage is earned. These profits have enabled us to distribute, in addition to the usual dividend of 7 per cent., a bonus of 1 per cent., making the entire dividend at the rate of 8 per cent. per annum. We hope to maintain the rate of 8 per cent. per annum, and to pay the dividends quarterly.

During the year our deposits have increased nearly $13,000,000, and while some of them are of a temporary character, the growth is very gratifying indeed. About $1,000,000 of the increase consists of deposits taken over with the Merchants Bank of Prince Edward Island. Owing to the activity of business throughout Canada, our loans show slightly more than a corresponding increase.

By the purchase of the Merchants Bank of Prince Edward Island, and by the opening of new branches in various towns and cities throughout Canada, we have increased the number of branches from 139 to 166.

You will observe that we are reporting a gift of $25,000 to the sufferers in San Francisco. I am confident that we may safely count upon your concurrence in this, especially when I tell you that we have passed through this terrible disaster without any loss whatever arising from the Bank's large business in that city.

As this is the 40th Annual Meeting of the Bank, and as it is practically 20 years since the beginning of its present administration, a few figures comparing the position as at the annual meeting in June, 1887, with the close of the present year may be interesting. In that time the paid-up capital has been increased from $6,000,000 to $10,000,000; the Rest or surplus account from $500,000 to $5,000,000. The net profits in 1887 were $606,715, as compared with $1,741,125 for 1906. The notes in circulation have risen from $2,390,732 to $9,199,204; the total deposits from $9,985,040 to $87,152,536; the current loans from $15,381,180 to $88,304,623; and the total assets from $19,574,094 to $113,545,960. In 1887 we had thirty-three branches in Ontario, one in Montreal and one in New York. At the close of the present year we have branches as follows:—Ontario, 58; Quebec, 3; Nova Scotia, 13; New Brunswick, 1; Prince Edward Island, 5; Manitoba, 20; Saskatchewan, 20; Alberta, 22; British Columbia, 15; Yukon, 2; United States, 6; London, England, 1; in all, 166, against 35 in 1887. Perhaps it is not too much to say that this is an exhibition of growth and of prosperity with which the shareholders may well feel satisfied.

We have again drawn largely on profits for expenditures on Bank Premises account, and a statement of our policy in this matter will be of interest to you. In all the larger cities it is important that the Bank should have quarters in keeping with its standing, and the necessity for owning our buildings at such points will be readily appreciated. But a creditable office is also a matter of importance at country points, and a proper regard for the comfort of the staff has furnished an additional reason for the extension to these places of the policy of ownership of buildings. At very few of the smaller towns is good living accommodation readily obtainable, and consequently our young men were usually forced to live at hotels and to spend a good many of their evenings in undesirable surroundings. This fact led to our adopting the practice of providing the staff with apartments over the bank, and suitable accommodation of this kind was as a rule impossible to obtain in rented premises. A considerable number of buildings have been erected during the past three or four years, and as new branches are opened we are endeavoring to acquire sites and are proceeding to build. Our policy in this matter has resulted in a generous treatment of the staff, and it has contributed in an important degree to strengthen the spirit of contentment and loyalty which prevails so generally among our officers. In this way the bank is, we think, amply compensated for the expenditure.

The annual outlay necessitated in these building operations is larger than we could reasonably ask the shareholders to provide for wholly out of present profits, and with a view to lessen the immediate charge, as well as incidentally to have our building operations conducted under an efficient organization, a company has been formed under the name of the Dominion Realty Company, Limited, which constructs and owns our smaller buildings. This company provides a certain percentage of the total cost of the land and buildings which it acquires and leases to the Bank, by issues of bonds which are readily salable to outside investors without any liability, direct or indirect, on the part of the Bank other than for the payment of the rentals called for by the leases. These rentals, while on a reasonable basis as regards each individual branch, are sufficient to retire the bonds in fifteen years. The remainder of the cost of the properties is provided by the Bank purchasing shares in the Realty Company, the cost of the same being entirely written off as shown below.

Our investment as shown in the Bank Premises account is now $1,300,000, but this is represented by value as follows:

Lands and buildings owned by the Bank (carefully revalued in 1906, and allowance made for depreciation of buildings	$1,951,600
Safes and fixtures (depreciation liberally allowed for)	478,20[illegible]
Dominion Realty Company shares representing a cash investment of	600,00[illegible]
	$ 3,029,80[illegible]

The increase of $300,000 in Bank Premises account during the past year is attributable to a purchase of property in Montreal on which it is intended to commence the erection of a building in 1907. The cost of this building and of one already commenced at Vancouver will necessitate a further increase in the amount set against Bank Premises in the balance sheet.

And now, with your kind permission, I desire to make a few personal remarks. During the past five years I have, from time to time, intimated to my colleagues on this and other Boards, and have been [illegible] the members of my family [illegible] would to a large [illegible]at has been per[illegible] life I have been [illegible]ears past; and, [illegible] fifty-first year of active business, I think the time has come when I owe it to myself to carry out these promises and to consult my own inclination by retiring during the next few months from a number of positions which I feel can now be better filled by younger and more energetic men. I do this not only out of regard to my family and myself, but also in justice to those who are so much entitled and so well qualified to succeed me in the several positions which I propose to vacate in the different corporations with which I have been identified for so many years.

First in importance among these is the Presidency of the Canadian Bank of Commerce, and in announcing to you my intention of retiring from this office, with which I have been so long honored by your Directors, you will allow me to recall that it is now twenty-one years since, in 1886, I became a Director of the Bank.

Before closing my remarks, let me say that if the present Board should be re-elected, it will afford me much pleasure, with the very cordial and kind concurrence of our highly respected Vice-President, Mr. Kilgour, to propose as my successor in the Presidency our esteemed General Manager, Mr. B. E. Walker, who has filled the latter position since 1886 with so much advantage to the shareholders, with so much satisfaction to the Directors and with so much credit to himself. It is indeed to his able and untiring efforts, and to the valuable assistance and co-operation he has had from his immediate associates in the general management, and from the various managers and other members of the staff, that our shareholders are indebted for the magnificent growth of our business, and the high standing attained by the Bank during his term of office.

General Manager's Address.

The General Manager then spoke in part as follows:

Mr. President and gentlemen: Before reading my report I may be excused if I say a few words personally. This is not the time for me to make any reference to what the President has said regarding myself, but I cannot let the opportunity pass of making some remarks regarding Senator Cox. It has been, I think, significant of his breadth of mind that he should have realized two things within the last few years—one, that a time was coming when in the natural course of things it would be wise to be relieved of some of his heavy duties, and another, and I can assure you in my belief the primary thought in his mind, is the desire to do a magnanimous and graceful act by stepping aside and enabling the gentleman who has served you so long as General Manager to take his place. This was a thing proposed by Mr. Cox himself two or three years ago. It came as a great surprise to me, and I should, I think, be very lacking in my duty to the shareholders if I did not express the fact that this generous act is entirely one of his own volition. Apart from that, I think the shareholders are to be congratulated that they have in their President, Senator Cox, a man unselfish enough to consider the true interest of this bank sufficiently to be willing, after vacating such an honorable position, to remain on the board as an ordinary director. By such an arrangement we do not lose the advantage of his ability and of all the relations which have existed for twenty years between himself and the other directors, particularly between himself and myself.

We do not need to remind you that the year which has just closed was even more remarkable for volume of business and general prosperity than the year preceding it, or, indeed, than any year in our history. It is unfortunate that we cannot estimate our internal trade, but we have been able to see in every direction a pressure to meet the demand for goods put upon manufacturers, merchants and transportation companies, such as we have never experienced before, while the shortage in cars and motive power, notwithstanding unparalleled increases of rolling stock, has seriously interfered with the crop movement and the general distribution of merchandise. Our foreign trade has again increased largely, the total for the fiscal year being $550,854,000. The imports of $294,267,000 exceed the exports of $256,587,000 by $37,680,000. In the previous year, with a total foreign trade of $470,151,000, our excess of imports was $63,517,000, owing somewhat to lighter crops in 1904. We have also improved upon the excess of imports in 1904, which was $45,690,000. The bank clearings in Canada show as follows: For 1905, eleven clearing houses, $3,336,602,170; for 1906, thirteen clearing houses, $4,014,564,518.

While we are enjoying an extraordinary prosperity, there are signs about us of a strain which must bring trouble if they are disregarded. We are a borrowing country, and we cannot be reminded of this too often. As we fix capital in new structures, public or private, railways, buildings, etc., someone must find the capital in excess of what we can ourselves provide out of the salable products of our labor. The number of countries willing to buy our securities has been steadily increasing, but we must not be blind, as we sometimes seem to be, to the fact that our power to build depends largely on whether these countries have surplus capital to invest. By means of the cable the trading nations of the world have been brought very near together, and while many local panics have thus been averted, and the adjustment of capital to the world's needs has been greatly improved, still for the same reason worldwide trouble in the money markets sometimes arises with a suddenness which is alarming to those at least who are not watching for the signs. We are passing through such a period just now, happily without a general breakdown, but unless we mend our ways we are not likely to escape a similar or still worse condition next autumn which may wreck our fair prosperity. Europe is bearing the enormous cost of two great wars, both in the loss of capital actually destroyed and also in the loss to individuals from the decline in the values of the national securities of the countries interested in the wars. And since these wars losses on an unexampled scale have occurred by earthquakes and fire. The volume of trade and the unusual amount of building in many countries have at the same time vastly increased the amount of capital required. This has been accompanied by a steady rise in prices throughout the world, and by a most pronounced and widespread advance in the scale of personal expenditure. It is true that it has also been accompanied by the greatest production of gold and of other commodities, but the effect of the various influences has naturally been to put upon the money markets a strain which has only just failed to cause a general breakdown of credit. To make the outlook still more serious, the United States, and other less important countries, including Canada, contemplate expenditures on a very large scale for railway and other building. This then is a time for every prudent man to survey carefully his financial position. If he has debts he should consider how he will pay them if he should have to face world-wide stringency in money. Has he assets which the world needs for daily use or assets which will sell only when the sun is shining? If he is happily in easy condition as to debt, he will, if he be wise, consider every circumstance arising in his business which tends towards debt instead of towards liquidation. As for those who are plunging in real estate at inflated prices, and in mining stocks, nothing, we presume, but the inevitable collapse which follows these seasons of mania will do any good.

We have had during the year an event fortunately rather rare—the failure of a long-established financial institution, the Ontario Bank. Although the information as to its critical position reached us, in common with most of the Toronto banks, only on the day on which it had been practically determined that the bank must suspend the next morning, it was still possible by the prompt initiative of the Toronto banks to bring about in the few hours which remained an arrangement under which no delay or loss could be experienced by the creditors of the bank. Various banks gave to the Bank of Montreal a guarantee which, in the event of the affairs of the Ontario Bank being liquidated by the Bank of Montreal with open doors and in accordance with the arrangement, would protect that bank against loss, if the total assets, including the double liability, should prove insufficient to meet the debts. For the purposes of this arrangement the Bank of Montreal itself is one of the guarantors. Any liability under the guarantee will be borne in proportion to the capital of the guaranteeing banks, with a maximum in our case of $400,000. As the General Manager of the Bank of Montreal recently said, it is not likely that any call will have to be made on the guarantors. The failure is accompanied by circumstances which are extremely disgraceful, and although it was possible to afford prompt protection to all creditors the shareholders will suffer a heavy loss.

From one end of Canada to the other there is a scarcity of labor, skilled and unskilled. More than anything else, this country needs immigration, not merely to put men and women on the land, but to fill every calling which should be open to labor. A large majority of housekeepers in the West are either without domestic servants or are inadequately supplied, farm laborers are in demand everywhere, an army of unskilled laborers is needed for railroad and other work, and good workmanship in most trades is difficult to obtain because workmen without the necessary training have been employed in the absence of sufficiently skilled men. In addition to this we have had several important strikes, causing, in the case of those connected with coal mining, a most distressing paralysis of business and of domestic comfort because of the consequent short supply of coal.

The amount of building going on may be judged by the figures for Montreal, Toronto, Vancouver and Winnipeg combined. The number of permits issued was 10,273, against 8,125 for 1905, while the value of buildings erected was $37,495,786, against $28,703,640.

At Montreal, Quebec, Halifax and St. John—at the last port in a very remarkable degree—there has been an increase of all business connected with transportation, whether in exports, imports or in immigration. In several respects the volume was the largest on record.

The Maritime Provinces.

Throughout the three Provinces, in all of which we are now largely interested, there has been during the past year a reasonable measure of prosperity. A good demand, generally at high prices, has existed for the various products of this part of Canada, labor has been well paid, there has been more money in circulation, further progress has been made in railway and other road building, and in many other respects there is evidence of growth. Although the conditions as regards snow were not altogether favorable, the result of the winter's work in lumbering was a large supply of logs, almost the whole of which has been sawn and the bulk of the lumber sold at satisfactory prices. In the early part of the season prices were high, but later there was a falling off owing to accumulated stocks, and it looks as if a check upon building, both in Great Britain and in the Eastern States, is being experienced. Notwithstanding this, the majority of the lumbermen have prepared on an extensive scale for the present winter. The lumber business in Nova Scotia and New Brunswick is steadily getting into stronger hands, greater care is being taken to prevent fires, and the vital importance of the business to these Provinces is being more fully recognized. All that has happened in connection with the large steel industries in Nova Scotia as to improvement in processes, excellence of product, economy in cost, prices realized, and enlargement of output and market, is as satisfactory as we could wish. The collieries have all largely increased their output, and, although there has been considerable difficulty in obtaining labor, the results to all companies should make a very profitable showing. The only cloud upon these two great industries is the unsettled dispute between the Dominion Iron & Steel Company and the Dominion Coal Company.

The year in fishing has produced satisfactory results. The cod fisheries have not done as well as last year, but the shore fishing has been reasonably good. The conditions surrounding this very important source of wealth should, as we have said before, command the most earnest attention of the people and the Governments of the Maritime Provinces. Cold storage and other experiments have shown what can be done, and by steady and intelligent study of the possible products of these waters, of the methods which should be employed, and of the markets for fish, the present result in money, large as it is, can doubtless be much increased. The fisheries of Nova Scotia produced last year about $8,000,000, and of this over $2,000,000 is derived from lobsters, of which we provide almost the whole of the world's supply.

Although the reports regarding agriculture are somewhat conflicting, the impression gained is that the farmer, as a general thing, has made progress. There was a satisfactory development of dairying in Prince Edward Island, and of sheep raising there and in some parts of Nova Scotia. The yield in apples, potatoes and hay, all important crops, has been less than an average, but the prices have somewhat helped out the result. Indeed the price for almost everything raised by the farmer has been so high that the total result is fairly satisfactory.

While the number of manufacturing establishments in the three Provinces is not large, many of them, individually, are of national importance. Almost without exception they have been employed to their full capacity, and as in recent years, large additions to plant have been necessary in order to cope with increased orders. Building has been active in many towns and cities, and in some places there has been an unusual amount of ship and boat building.

Ontario and Quebec.

In Ontario and Quebec we have to record another year of widespread prosperity, marred only by the effect of rising prices on those who, because of their peculiar callings, do not share in the increase of wages which has become general in the industrial world. The crops of wheat, oats, barley and Indian corn were as a whole above the average, in some places much above, and only in very few localities below. Reports on the hay crop and the conditions of pasture are variable—in some parts quite disappointing, in others exceptionally good. Root crops have done well, including sugar beets, but the relations between the farmers and the sugar factories do not appear to be very satisfactory. The results of cattle grazing have again been unsatisfactory to both farmer and shipper. The farmer, after pasturing his cattle all summer, found little increase in their value, although this has not been universally the case. Reports regarding hogs are, from the farmers' point of view, without exception, highly satisfactory. Prices were at times the highest ever paid, and the profit to the farmer was excellent. Many districts also report the number raised as large and increasing, but the supply from the packers' standpoint was clearly insufficient. The much more favorable result from hogs than from cattle will probably cause an increased production of the former next year. Horses are in good demand, prices are high, and the character of our animals is improving. While the results of feeding cattle for beef have not been satisfactory, the industries connected with the dairy have shown unusual prosperity. The year has made a record as to prices of both cheese and butter, and as to the total value of the combined shipments of these articles. The shipments from Montreal, covering mainly the dairy business of the two Provinces, show a total value of about $26,500,000, the shipments of butter having fallen off in favor of cheese. This total is a trifle better that that of 1903, which up till now has held the record. As we have said, we cannot obtain accurate figures for our internal trade, but an estimate of the value of our dairy products in 1905, for both home and foreign consumption, makes the total over $80,000,000. The fruit crop has not been as good as in recent years, but prices have been satisfactory. The shipments of apples from Montreal show a total of only 407,798 barrels, the largest total of recent years being 732,044 barrels for 1903, and the average of the last seven years being 413,489 barrels.

The lumber business in the various districts in Quebec and Ontario has again witnessed an increase in prices, and in some grades a very large increase, having regard to the steadily mounting prices of recent years. Unfortunately, but quite naturally, the cost of production also continues to increase rapidly, and the present winter promises to be the highest in this respect. The output in some sections, notably in the Ottawa district, was not quite as large as in the previous year, but so far as operators had a choice the cuts were as large as could be managed. Market prices and the cost of production are now so high that we can hardly feel assured of the continuance of such a good market; however, everybody seems to be preparing for another large output, and there is more or less confidence in still higher prices. This industry is suffering, like so many others, from the extreme difficulty of getting sufficient labor. This and other causes are making the cost of lumber so high as to affect rents, and indeed to make the price of some grades of lumber, used freely a few years ago, well-nigh prohibitive. It will be strange if this situation, together with the high price of steel and other building materials, does not soon put a sharp check upon building operations generally. While the demand for more houses is widespread, the great cost of building is the reason most frequently given for the failure to supply this need. There are, however, other manifest reasons, and, despite this lack of dwelling accommodation, building operations were never before so active, so large in volume, or so costly.

We can but repeat the story of last year regarding our manufactures. Manufacturing establishments of almost every kind are full of orders, and in many cases are refusing further work; prices and cost of production are even higher, profits continue satisfactory, and plants are still being enlarged. As a natural consequence of our inability to fill orders, imports of goods which we are now able to manufacture in Canada, although in insufficient quantity, are still increasing, and branch establishments of United States manufacturers are still being built. One of the most gratifying features of the year is the announcement of the building of large plants in Ontario by well-known British manufacturers. It is not easy to realize the many directions in which we have demonstrated that we can manufacture articles which were altogether imported, or nearly so, but a few years ago. And this new state of affairs causes some curious temporary conditions. We are making iron on a considerable scale, but we are importing pig iron to a much larger extent than usual, because our iron and steel mills are using their own pig iron for rails, rods, etc., to such a degree as not to be able to supply the demand for pig iron. Time will surely cure this. We are making railroad engines and all other rolling stock on an unprecedented scale, but the whole railroad world of North America is putting upon the makers of railroad supplies a strain which they seem unable to meet.

Trade in the wholesale centres and in the towns throughout Ontario and Quebec has naturally been particularly good, farmers have paid their obligations of all kinds quite satisfactorily, and failures in business have been very few indeed. The unfavorable features are the continued scarcity of farm and all other kinds of labor, the natural loss of young farmers by emigration to the western Provinces and, if one may say so without offence, the very bad roads in some parts of Ontario. Our counties and townships in the older parts of the Province are, as municipalities go, almost all comparatively rich, and there is no obvious excuse for roads which in the spring and autumn, for many weeks together, are of very little use.

Perhaps the most interesting and, in some respects, the most important development of the last two years in Ontario has been the silver mining at Cobalt with its attendant circumstances. It seems quite clear that we have a mining area of quite extraordinary richness, out of which very many millions of dollars' worth of silver can be mined at an unusually low cost. Indeed it would appear that thus far the cost of the development work—and little else has been done—has not been on the average more than ten per cent. of the value of the silver obtained, and in this calculation the value of all low-grade ore now on the dump and needing concentration before shipment is disregarded. As to the depth to which large veins will go little is known as yet, although 300 feet has been reached in one case, and the various attempts to measure the wealth from particular veins, or from the camp as a whole, seem [illegible] not only unreliable, but likely [illegible] more harm than good to legitimate [illegible]ing. There are now slightly over t[illegible] mining companies shipping ore, th[illegible] ditions for the year being few in [illegible]ber. It is to be remembered, how[ever,] that this represents many more [than] twenty mines. The total shipmen[ts of] ore thus far have been about 6,000 [tons,] worth probably over $5,000,000 in m[oney.] Very few of the mines can as yet be [said] to have made more than a beginn[ing.] The richness of the ore is indisputa[ble] and it is evident that there is a gr[eat] deal of it. More than this it is unsa[fe] to say. Unfortunately we have not es[caped] the inevitable accompaniments of the opening of a rich mining camp—the flotation of many properties which have little or nothing to show for the capitalization and of many other properties valuable doubtless, but capitalized at figures not justified by anything now in evidence. Again, some properties not originally over-capitalized have been carried to a quoted price in the market which would require the mines to produce almost incredible results. Against producing properties existing or in sight, numbering, say, thirty, over two hundred companies have been organized, and the shares of perhaps half of them have been offered to the public. All this is to the last degree unfortunate, and the check this speculation has already received came none too soon.

A new oil and gas field has been discovered in Kent, and important development work is being done.

Manitoba, Saskatchewan and Alberta.

We need not tell you that the three prairie provinces have had another year of prosperity and that in some directions it has been accompanied by speculation and undue expansion.

Before the middle of August our Winnipeg Manager made his annual estimate of the grain crops of the three provinces, which was published in Great Britain and elsewhere. A fortnight of most unusual heat and hot winds followed, which caused some widely differing calculations to be made, but the facts as now known bear out our figures fairly well. Our estimate in August was:—

	Bushels
Wheat	91,513,000
Oats	80,854,000
Barley	17,735,000

The final estimate, at 15th September, of the Northwest Grain Dealers' Association accounts for 80,000,000 bushels of wheat.

At the commencement of the movement of the past year's crop prices ruled from eight to ten cents per bushel below those of the previous year, but at this date the difference is only two to three cents. Trustworthy and competent persons estimate that the proportion of high grade wheat will be 75 to 80 per cent. of the whole. In addition to this the wheat is regarded as equal, if not superior, to that of 1905 for milling purposes, and the 1905 crop of high grade wheat was looked upon as one of the best that had ever been produced in the West. Whilst these satisfactory results have been produced better results can be obtained if the farmer will take heed. There is a great deal of carelessness in the selection of seed, the destruction of obnoxious weeds and the care of the crop during harvesting and threshing. It cannot be too strongly impressed upon the farmer that one of the most serious matters threatening the welfare of the West, and more particularly the Province of Manitoba, is the alarming prevalence of noxious weeds and smut. In 1905 the railway companies and officers of the Experimental Farms of the Dominion Government made use of special trains with staffs of lecturers, to demonstrate to the farmers the necessity of exercising greater care in the matters referred to. In order, however, to obtain the best results, it will be necessary to continue from year to year this educative work, which will mean the saving of a very large amount of money to the people of this country. In some recent years the crop, in Manitoba particularly, has suffered severely from rust. This disease should certainly be investigated by the Provincial Governments, with the object of discovering a remedy. The best available information indicates that there will be an increase in crop acreage in 1907 of 10 to 15 per cent. The autumn has been unusually favorable for ploughing and harvesting operations, and the farmer has taken every advantage of it. Towards the close of the season, however, the land became too dry for ploughing, and it is predicted by some that we are on the verge of a series of dry seasons. Land values continue to increase in the more populous parts of the country as well as in the newly-settled parts. We stated in our report of last year that all the great land-owning corporations had advanced prices, and it is felt by competent authorities that the limit of price at which the new settler can afford to acquire land for farming purposes has been reached in some districts.

In order to illustrate the elevator capacity of the West we append the following figures obtained from an official source:

	Bushels.
Canadian Pacific Railway, Winnipeg and East	12,955,000
Canadian Northern Railway, Winnipeg and East	7,851,000
Canadian Pacific Railway, West of Winnipeg	25,118,600
Canadian Northern Railway West of Winnipeg	5,561,600
Alberta Railway and Irrigation Company	156,000
Total elevator capacity	51,642,200

As a grain centre Winnipeg is now the second in America, yielding precedence only to Minneapolis, and with the possibility that in the near future it will take first rank. The capacity of the flour mills in Canada between Lake Superior and the Pacific has increased largely during the past year, and is now about 3[illegible],000 barrels per day.

With the abundant harvests of the past two years, it would be natural to expect a very pronounced increase in the farmers' ability to liquidate his indebtedness. Unfortunately, however, only a small percentage of the land and mortgage obligations incurred some few years ago has been removed from his shoulders, and it will take some years yet to remove the remainder. If the farmer could be induced, except when he does not borrow the money, to cease buying land for two or three years, and to allow a surplus of money or its equivalent in live stock to accumulate in his hands, then this part of Canada would be placed on an undoubtedly sound financial basis.

The railways and other transportation companies were entitled last year to praise for the satisfactory way in which the crop was moved out of the country. This year, however, conditions are very different. The car shortage has been a serious drawback, not only to the crop movements and to all who require transportation, but to merchants, bankers and all who are interested in the collection of debts. If those who have products to ship cannot get cars, how can they pay their debts?

The lumber business has been profitable to both the manufacturer and the retailer, and the manufacturer has found a demand for practically all he could supply. Stocks on hand cannot but be small, and if another fair crop is harvested and the excessive cost of land and material and the tightness of money [illegible]

[illegible] to [illegible] Go[illegible] spe[illegible] ation [illegible] dealt [illegible] katche[wan] [illegible] of the [illegible] The [illegible] new set[tlers] [illegible] ing the [illegible] as 189,0[illegible] per cent [illegible] western [illegible] Manitoba [illegible] now estimated [illegible]

Manitoba	[illegible]
Saskatchewan	260,000
Alberta	185,000
	605,000

Reliable immigration agents report that conditions are altogether favorable for another year of heavy immigration from the United States. We regard these settlers as the best coming into Canada. They understand Western farming and climatic conditions and are generally in fairly good financial circumstances.

British Columbia.

Except that this is one of the lean years in salmon canning, all that was said last year about British Columbia might be repeated. The year has been very prosperous, and were it not for the scarcity of labor much greater progress would have been possible. As we have already indicated, the lumber business has been exceptionally good, a ready market at high prices being at hand in the prairies, while the foreign demand supplied by mills on the coast is larger than ever before. As a natural consequence the supply for next year promises to be considerably increased, and in some parts of the Province several new lumber companies are being established. Standing timber is in great demand, and the available supply is rapidly being secured by experienced operators and capitalists in the United States. As an evidence of the great scarcity of labor, it may be mentioned that gangs of East Indians, often discharged soldiers, have been largely employed in piling lumber and in other unskilled labor about the mills in several parts of the Province.

The history of coal mining in British Columbia during the year has been almost entirely one of labor. Of course the great disaster at San Francisco lessened to some extent the output of the mines on Vancouver Island, but other causes would have made the total mined much larger than usual had sufficient labor been available. The output, however, because of the impossibility of getting miners, was about the same as for the previous year. The circumstances of the strike at the Crow's Nest Pass mines are too well known to require comment, but here, too, the mines were before the strike, and are again now, at the highest point of production in their history. The strike, however, caused the coal mined for the year to be less instead of more than in 1905. The year closes with a wide and enlarging market for all districts, and were sufficient labor available a great increase in production would be certain.

The year in copper mining has been the best in the history of British Columbia, the only cloud upon it being the unfortunate coal strike already referred to, and the consequent shutting down for the time being of some smelters for want of coke. The three great mining companies in the Boundary country, working low-grade ores under peculiarly favorable conditions as to cost, are now settled factors in the prosperity of British Columbia, and must profit in an unusual degree by the present price of copper. They are making improvements in plant which should bring the smelting capacity up to 6,000 tons of ore daily. At Rossland, in various parts of the Kootenays and on Vancouver Island there has been unusual activity, and while the results in silver and lead mining are not yet what we had hoped, the prospects are better owing to the higher price of both silver and lead and the reduced cost of smelting. There have been important purchases of properties by expert capitalists, properties which have been idle are being worked, and a larger product on a sounder basis than at any time in the past is confidently expected.

The catch of salmon in British Columbia was only 504,000 cases. As this was known to be one of the lean years on the Fraser River, the figures are not surprisingly small. From the northern rivers the catch was better than in any year during the past six, except 1904. The prices paid to the fishermen were large, and the result, in money, of the catch was better than in some years when fish were more plentiful. Large quantities of halibut are now being caught by United States fishing boats off the British Columbia coast, and it is very desirable that we should not only protect our rights, but secure this trade for ourselves as far as possible. More attention is being paid to herring fishing, which seems capable of large development both at home and in foreign countries. There is practically no limit to the supply of food fishes in the North Pacific, and too much attention cannot be given by our legislators to this important source of wealth. The value of the total product of fish caught by Canadians in all of our waters in 1905 was about $30,000,000, the largest figures down to that time. Salmon takes the lead with nearly $9,000,000; lobsters come next with nearly $4,000,000; and, surprising as it may seem, cod takes only third place with $3,400,000. But this large total could be very much increased by intelligent care and industry.

The most noticeable feature in the development of the Province is the widespread demand for fruit and farm lands, both in the districts where there is an ample rainfall and in the districts needing irrigation.

[illegible] century [illegible] will depend to a great extent upon the development of her resources and Canada's greatest resource is the wheat of the great North-West. On the wheat crop not only depends the prosperity of Western Canada, but, largely the prosperity of all Canada.

The story of the rapid strides being made in the development of the West sounds more like a fairy tale to the traveller's ear than the golden truth.

It is not generally known, but yet nevertheless a fact, that there are about 171,000,000 acres of land in Canada West, suitable for the cultivation of wheat, and as yet not more than five million acres are sown to wheat, and it is estimated that not more than 10,000,000 acres have been brought under cultivation of any kind.

With but one thirty-fourth of the arable land under cultivation, the Western Canada wheat crop for 1906 is conservatively estimated at a trifle over 80,000,000 bushels. This is a very large percentage of the wheat crop of all Canada, which for this year is estimated at 110,000,000 bushels.

In 1870 there were but a few acres under cultivation in the North-West and these scattered about the historic Hudson's Bay forts. To-day there are 6,931,660 acres in crop, with every year seeing an increase of from 15 to 20 per cent.

Grain elevators were unknown in the country prior to the eighties, and now they dot the prairie everywhere, representing (terminal elevators included) over $50,000,000 of invested capital.

To follow the different wanderings of the grain of wheat from its home in the harvest field, to its ultimate destination would make a very long story, but it is interesting reading, to stop and consider a few points in the journey. After the wheat is ready for shipment, the farmer may dispose of it in either of the following ways: 1. If he is lucky enough to be close to a railway he can have the car placed to his order at a loading platform and haul his wheat direct from the threshing machine to the car, which is shipped to the lake ports (Fort William or Port Arthur) for storage; 2. Or the farmer may store with or sell to the elevator company, and the wheat, as in the first instance, in due course finds its way to the lake ports.

En route to the terminals, the cars are stopped at Winnipeg, opened, and a sample of the wheat taken from each car by the Deputy Grain Inspector or his assistants.

The grain is inspected in the following manner: A long funnel-shaped tube is used with openings at intervals, which are closed at first but opened after the tube is let down into the grain. Samples of the grain are taken from different parts of the car, and then laid upon a piece of paper and mixed, so as to obtain a true sample of the car; the grade is then decided upon by the Deputy Inspector.

If there is any doubt about the grade, that is, if it is what is called "a line car," the sample is laid before the Chief Inspector, who then decides upon the grade.

If the owner of the car is dissatisfied with the grade given him, he may call [illegible] "The Survey Board is the [illegible] Court of Appeal." The sam[illegible] car is then laid before not [illegible] three members of the Survey [illegible] can then alter the grade if [illegible] to do so.

[illegible] Inspector hands his certifi[illegible] owner of the car, the car is [illegible] sold, or forwarded on to [illegible] or Port Arthur for [illegible] it is then unloaded into the [illegible] terminal elevators.

[illegible] the wheat at the terminals is [illegible] into the elevator, a govern[illegible] official must see that everything [illegible] according to the certificate sent [illegible] the Inspector's office. A govern[illegible] weighmaster attends upon the [illegible] being weighed, the railway com[illegible] keeps it insured.

Any time upon order of the farmer and in the presence of the government weighmaster, the railway company must deliver the exact number of bushels of the grade delivered to them for storage. If any mistake occurs, the farmer has recourse against the railway company.

The transportation of the 1906 crop has been terribly handicapped by the scarcity of cars, and the car shortage has been the crying grievance of both the farmer and the elevator man. Navigation has just closed, and usually [illegible] 50 per cent. of the wheat crop [illegible] export reaches the lake front before [illegible] close of navigation. Although the [illegible] wheat started to move to the lake [illegible] much earlier this year than formerly, yet the usual quantity has not arrived at the terminals.

According to the Grain Act, after the farmer has obtained one car, he must wait until all his neighbors on the books of the station agent have each had a car before he can get a second one. The farmer if he has not a granary or cannot get cars, is forced to sell or store with the elevator company.

If he sells to the elevator company, he cannot get as good a price for his grain, as if cars were plentiful, for the elevator company have to deduct their estimate of what it will cost them to hold the grain until they can, themselves, obtain cars.

Very nearly all the grain exported from Western Canada goes to Great Britain. Years ago the British grain dealer was not a purchaser of Canadian wheat, for the production was so small that it was not worth bothering about. The foreign buyer likes to get the grain all the year round, that is, spread over every month of the year.

There have been a great many complaints about the car shortage, but if the farmers were able to get their wheat to the lake ports all at the same time they would have to take from ten cents to fifteen cents per bushel less than under present conditions.

The British buyers would not care to handle almost the whole wheat crop of Western Canada at one time. If they were to do so they would have to store the wheat until they could dispose of it at some future time; this would mean the price to the Canadian exporter, lessened by charges for storage, insurance, interest, etc.

So great has been the outcry about the car shortage and other grievances from the farmers and grain dealers, that the Government has appointed a Royal Grain Commission to hear grievances and to consider the revision of the Grain Act. It would appear that neither the provisions of [illegible] Manitoba Grain Act or Inspector's [illegible] being carried out.

Some of the reforms suggested to the Commission are as follows:—

1. "Owing to shortage in weights and heavy dockage in selling wheat; that a public weigh bridge be established to be operated by the municipality or government, such weight to be accepted as correct between buyer and seller."

2. "Government assisted railways to supply cars or elevators to store the grain."

3. "Railways charged demurrage where the cars were not supplied to the shipper within a reasonable time."

4. "Terminal elevators under government control."

The car shortage is partially accounted for by the threatened strikes in the western coal mines. It was necessary for the Canadian Pacific Railway to rush cars to the coal mines to haul out the coal, to the different stations, before the severe winter weather set in. The cattle trade this season has also made enormous demands on the railway companies, and the cattle men have been loud complainants about the car shortage.

The following figures concerning western grain production will be found interesting:

The average price to the farmer of the crop of 1904 was 73c. per bushel, of the crop of 1905 63c., calculating all grades.

The value of the crop of 1904 was $40,900,310; of 1905, $53,300,065.

The figures of Commissioner Blue show total acreage of Manitoba for 1906 to be 4,175,246 of which 2,715,543 was under wheat. Occupied farm lands totalled 10,195,604 acres of which 21,013 acres were in potatoes and 111,411 acres in hay.

GOVERNMENT MINE

WHAT IS TO BE THE FATE OF THE GILLIES LIMIT.

Reasons why the Government should Develop it—The Need of a Government Smelter—An Experimental Mine—The most scientific methods should be employed.

A good deal of advice is being given these days by mining men to the Ontario Government. Some suggestions appear valuable on the surface like some Cobalt claims. Analyzed their impossibility is apparent. The Ontario Government cannot become guarantors of prospectuses. Our own Joint Stock Companies Act and our Criminal Code furnish remedies for false pretences. It is true that in regard to the truth of prospectuses our civil act might be made as stringent as the English law. The Government cannot, moreover, appoint its experts to report on Cobalt prospects. It does, and will continue to do so, issue a valuable report yearly on mining ores, on mining production on the mineralogical situation and the reports can be obtained free by anyone and valuable information can be gleaned therefrom in regard to producing properties.

It would appear that the Ontario Mining Law is capable of improvement in regard to titles. It must be remembered that the present act was designed to prevent blanket claims and capitalistic grabbing of all the prospects in sight at the beginning of things. So far this object has been well accomplished. There is more litigation over Cobalt claims than in any other new camp in the Dominion, but the reason is self-evident. The apparent values are so high that the prospects are worth fighting for and the incentive to fraud and perjury is greater.

The Government's reservation of the mineralized portion of the Gillies limit was a master stroke for the public benefit. It now remains for this policy to be carried out to its logical conclusion:—The working and development of the property by the Government on behalf of the people of Ontario.

Unhampered by the needs of promoters for cash, or the greed of shareholders for results or the desires of stock operators for sensations, the Government can go serenely to work and employing the ablest experts develop in the most scientific manner what promises to be a most valuable property. It should necessarily employ all the best methods in development. It could experiment in the treatment of ores. Its operations would become an object lesson to the other mines in all the new situations which a new camp like Cobalt presents. We have experimental farms for the education of farmers why not experimental mines for miners?

The Government operation of the property would lead directly to the erection of a Government smelter and of Government stamp mills, two necessities becoming every day more pressing in the camp. There is yet much to be discovered in the most economic processes of treating the ores so as to secure the best results. It is highly important that these ores should be refined in our own country. If the production increases according to prophecies the long freights alone to the smelters of New Jersey will become a very appreciable item.

It may be said that the Government operation of the mines would open the way to all sorts of political patronage and the ineffectiveness and waste which it might involve. Yet Governments have operated mines. Governments do operate mints. If a Government controls a mint effectively, why not a mine? Government construction and operation of the railroad leading to the North Ontario minerals have not been failures.

It may be asked what alternatives are there beside Government operation. Mining men in Cobalt say the limit should be opened to prospectors. This would be unfair and impracticable. The crop of disputes and counter-claims are enough already. They would be increased a hundred fold. The Government might sell claims separately or the section as a whole to the highest bidders exatcing a royalty in addition. This system would be open to all the political objections that direct Government operatin would brood.

High prices have been already offered. If millions of dollars were paid and the Gillies prospects proved a failure, it might be business, but it would be unsatisfactory,—on ethical grounds improper.

COBALT COMPARISONS

JUST AS GOOD PRIZES IN LEGITIMATE INVESTMENTS AS IN MINES.

A few examples—Mining stocks are for the mining man and wealthy operator—The two Hudson Bays—Nipissing and Canada North-West Land.

The luring mining advertisement which heralds some new promotion had usually this to say recently: —

Foster was 80 cents, now $3.50.
Buffalo was $1, now $3.95.
Nipissing was $5, now $30 (or $10.)
Hudson Bay (Mine) was $1.00, now $110.

One might with greater force say:—

C.P.R. was $48, now (about) $200.
Hudson Bay (the real) was £20, now £120. (An advance of 500 points.)
Canada North-west Land was $2, now $520.

We are going back at the most nine years in the low quotations.

In the present excitement over Cobalt the temptation to share in some of the new found fortunes, many of them yet on paper, is keen. The small investor the man who has a few savings put by and the widow who depends for her existence on her income from a well invested capital should leave mining stocks alone. As one American authority put the case, mining stocks should be bought only by the men who have made mining a business or the rich individuals who can afford the hazard a mining proposition inevitably entails.

No one who has seen Cobalt can doubt the mineral wealth that is self-evident. Its extent has yet to be determined. The successful mine-buyer conducts his purchases in a conservative manner. The big men usually want to see a large percentage of the purchase money in sight. The discreet buyer will not pay a million dollars for a mine unless he sees $750,000 worth of ore in sight.

The public in the stock craze are at present paying on a basis of millions for properties that can show the expert only a small fraction of the capital.

Prizes are not confined to mining alone. Almost equally as good results have been obtained and may yet be obtained out of absolutely sound investments.

A wage-earner who had $300 laid by could have bought in 1897 six shares of C.P.R. With the additional issues of stock in 1902, 1904, and 1906, assuming that he had put by $100 yearly he would now possess for a total outlay of $900, 12 shares whose market price may be placed (for the purposes of illustration in any event) at $2,400. In the nine years he has besides received in dividends nearly $50 more.

Consider even a bank stock, Imperial Bank for a good example.

In 1897 he could have bought two shares for $360. In 1906 if he had saved $100 per year and invested it in the new stock issues, he would have paid out $1,300 and own 8 shares worth $2,000 and would have received in the meantime $300 in dividends.

Take Hudson's Bay Company (not the mining concern.) It is true there is something remarkable about the name of Hudson Bay in the stock market. In 1905 he could have bought one share for $250. In less than eight months he could have sold it for $625. Dividend meantime was $20.

In 1897 he could have bought one share for $100.

Canada North-west Land could have been bought in 1897 on the basis of $2 a share. That share can now be sold for $520.

The legitimate investments required a little longer time but they will last a little longer in all human probability.

Cobalt has produced up to the end of the year something over $5,500,000, a remarkable record for a new camp, but when compared with the extent of flotations which run about $250,000,000 wuite out of keeping.

The production has been as follows:

Gov't report, 1904	$ 136,218
Gov't. report, 1905	1,468,524
Gov't. report, 1906, nine months	1,750,344
	$3,355,086

In October shipments were 1,201 tons. November was less with 725 tons. December values are higher, but the $5,500,000 mark can hardly be passed.

The unsafest guides as to stock proposals are the men who live in the camp. Cobalt is so exceptional in surface showings and in the ease with which ore is quarried rather than mined, that one can readily understand the optimism of the man on the spot.

To quote an instance the City of Cobalt prospect is one of the most highly regarded prospects in the camp. This claim is situated in the town itself. It lies largely under the houses. The company formed for its exploitation secured the mining rights by giving agreements for stock to the owners.

The promoters considered the claim was conservatively capitalized at $500,000 in shares of $1 each. No certificates were issued. Trading in the camp soon began in agreements for the stock when delivered. The spectacle was immediately presented of men buying pieces of paper, some of them written in leadpencil. The sales began about $1.50, then $2, then $3. In early November it was a favor to secure a prospective share at this price. By the end of the month transfers were being made at $6, even at $8. No work had been done beyond the stripping of a vein. The bulls claimed that every vein in the camp ran into the City of Cobalt.

The fact was that the Buffalo vein had been uncovered. Thus the merest prospect was being traded in on a basis of millions and not even a certificate issued or any development work done. Any consideration of the difficulty of mining on this particular property was lightly brushed aside.

Cases like hese should be better warnings than any sermons.

GRAND TRUNK PACIFIC

(Continued from Page 1.)

and the mountain section between Edmonton and Prince Rupert.

It is the stretch of new land over the northerly territory of Quebec and Ontario that gives a situation open to argument. The first point which occurs to one is that any railroad management in America with a productive business in the wheat lands of the West would willingly accept a section which for seven years is presented to them for working expenditure, and after that (with concessions) for three per cent. of construction cost.

The second point is that this territory will offer a very nice transportation proposition in its wealth of timber alone, omitting minerals or agriculture. The prairies are practically bare of lumber. The G. T. P. will haul the grain east and send their cars back to the West laden with the lumber which has an immediate market. Mr Hays, who had a practical experience of the same situation on the Missouri Pacific, is confident on this point. Messrs. Mackenzie & Mann, who are in a measure a competing system, bear testimony to the possibilities of the hinterland between Lake Superior and Hudson Bay. It is likely to be rich in mineral in its rocky section. In the other portions is the clay belt, where the climate is more equable than Manitoba and the soil as fertile. It is a district far more productive than the line of the C. P. R. through what used to be called the "Bad Lands" on the north shore of Lake Superior, westerly from Sudbury to Port Arthur. Further, the cost of construction to the north is expected to be much less than that of the C. P. R. The grades are easy, much more so than on any other transcontinental route and reduce the cost of operation enormously.

The Mountain Section from Edmonton to Prince Rupert will possess, in addition to the absence of fixed charges a great advantage in the grade. The maximum grade against westbound traffic is four-tenths of one per cent., or 21 feet to the mile. The C. P. R. via the Kicking Horse Pass is four per cent., or 200 feet to the mile. The lowest percentage of any existing transcontinental line is the N.P., with a grade of 2 2-16 per cent. In altitude the Yellowhead Pass of the G. T. P. has a very marked advantage, as the following comparison shows:—

G. T. P.	3912	feet
Southern Pacific	5082	"
Great Northern	5202	"
C. P. R.	5499	"
Northern Pacific	5567	"
Atchison	7623	"
Union Pacific	8247	"

The great reduction in operating cost as a result of low grades is an object upon which American roads are spending millions of dollars.

The main line of Grand Trunk Pacific is now in process of construction from Portage La Prairie westward. The government section eastward to Lake Superior Junction is also in the contractor's hands. The Lake Superior branch of the G.T.P. is under way. The government has also begun construction from Quebec westward to La Tuque, and has within the past week called for contracts on the line from Moncton westward towards Quebec and from Lake Abbitibi eastward. It was thought two years ago that the G.T.P. might be able to move a portion of the crop of 1907 over its own lines to Port Arthur where lake carriers would convey it to the Georgian Bay terminals of the Grand Trunk Railway. The government section from Winnipeg eastward will, however, not be ready until 1908, but in that year the G.T.P. will be a system of about 1,000 miles, and a participator in the remarkably profitable trade of the territory which is destined to be known as the "Granary of the Empire."

The Lake Superior branch is the most essential of immediate branch lines, and for this the construction expenditure has already been provided by an issue of $7,543,000 of Lake Superior Branch Bonds guaranteed by the G.T.R. to bear 4 per cent. Besides this, realizing that a long east and west line across the continent cannot be made fully productive without auxiliary branch lines produced northerly and southerly, provision has been made by the formation of a subsidiary company known as:—The Grand Trunk Pacific Branch Lines Company with a capital stock of $50,000,000 covering twenty branch lines embracing a total mileage of 5,000 miles and intended to bring into force feeders from every possible junction point between New Brunswick and British Columbia notably, as follows:—

From Montreal north to the National Transcontinental.

From Ottawa northerly to the National Line.

North Bay northerly to the National Line.

From the G.T.P. Northerly, via Yorktown, to Hudson Bay.

From the Grand Trunk Pacific proper to Calgary.

From a point on the G.T.P. southerly to Vancouver.

From a point on the G.T.P. northerly to Dawson City in the Yukon Territory.

These branch lines combined with the main line and allied to the Grand Trunk Railway in Eastern Canada will ultimately produce a system of the following mileage:—

Grand Trunk Pacific	1800
Government Section	1800
Branch Lines	5000
Grand Trunk Railway	4800
Total miles	13,400

The Directors and promoters have therefore some excellent ground for their statement that the enterprise will take first rank among the great railways of the world.

On the expiration of seven years after completing the system should be productive of earnings that will more than meet all costs and charges. While possessing no land grants or subsidiaries to speak of it has what is better, a minimum of fixed charges in the future, independent of the needs of the money market. The G.T.P. will be practically, as regards its liens on a three per cent. basis. The low interest rate, combined with its low operation costs, on account of minimum grades, gives a valuable mainstay against future requirements at largely increased interest costs, a badger which has been troubling American railroads of late.

The net earnings of railroads in the United States for the year ending June 30th last aggregate $787,596,877, or nearly $97,000,000 more than the preceeding year. The income from other sources brought the total up to $920,221,859. The dividends were $229,406,598, or $34,248,603 more than in 1905.

THEN AND NOW

THEN.

(Continued from page 1.)

It is Poor and it is Crushed

with debt. The Supreme Government owes about £26,000,000 to this country, and about £35,000,000 altogether, and every province has its separate debt, as also has almost every collection of shanties calling itself a "city." The province and city of Quebec are both notoriously bankrupt, and the latter was obliged to go to Paris with its last loan, probably because nobody would lend it here. Last year the country had the benefit of a good crop, and a good market here, so that it did a little better; but generally it has hard work to make both ends meet, and often couldn't. Nearly every year it comes for a new loan of two, and once it is fairly committed to making this new railway, I see

Nothing Before it But Bankruptcy.

While the money is being spent all will go well enough, perhaps, but in the end the Dominion will have to go into liquidation. It amazes me that its stocks stand where they do as things are, but if people took the trouble to look below the surface, prices would be very different. One of these days, when the load gets too heavy, Ontario is pretty certain to go over to the States, into which it dovetails, and where its best trade outlet is. When that day comes, the "Dominion" will disappear. With that contingency ahead, and with the prospect of another £50,000,000 or so to be added to the debt, can it be said that Canadian unguaranteed Four per Cents. are worth their present price? This "Dominion" is, in short, a "fraud" all through, and it is destined to burst up like any other fraud. Then, and not, I suppose till then, the British taxpayer will ask why we "guaranteed" so much of this sham Government's debt.

Figures are also given in the letter intended to show conclusively that exceptionally high freight rates do not prevail on the Canadian Pacific, inasmuch as the average rate per ton per mile was 74 cents on the Canadian Pacific, 89 cents on the Northwestern and 86 cents on the St. Paul.

NOW.

(Continued from page 1.)

15,550,000 acres of land at $5,75 per acre	$89,440,000	
Due from land sales	16,300,000	
Securities owned	52,400,000	
Ocean, lake and river steamers	15,700,000	
Quick assets	13,240,000	
		187,000,000
Common stock		106,000,000
Rolling stock	35,000,000	
Elevators, hotels, express and telegraph lines	10,000,000	
Track, structures, sidings, stations, shops, terminals and franchises	60,000,000	$105,000,000

The total mileage of all lines of the Canadian Pacific Railway aggregates over 10,000 miles. Consequently, on the basis of the above compilations the cost of the average mile of track owned is capitalized at $6,000 in common stock. The total income from transportation, express, elevators, telegraph and investment aggregated for the year ended June 30, 1906, $60,000,000, which is at the rate of $6,000 per average mile of road owned. Therefore, it is pointed out, the gross income per mile was equal to 100 per cent. of the company's capitalization.

In the letter data are given which shows that the capitalized cost of track of the Canadian Pacific is less than one-third of that of the Chicago & Northwestern, and only about one-seventh of that of the St. Paul, whereas the total income per mile on the Canadian Pacific is $6,000, which is about $3,000 less than on either of the two roads mentioned. The interest charges on the Canadian Pacific are $835 per mile of road, against $950 on the Northwestern and $850 on the St. Paul. The surplus for the common stock for the period covered by the figures given in the letter was 15 per cent. for the Canadian Pacific, 18 per cent. for the Northwestern and 17 per cent. for St. Paul. As already calculated, the percentage of income to capitalized cost was 100 per cent. on the Canadian Pacific, 40 per cent. on the Northwestern and 20 per cent. on the St. Paul.

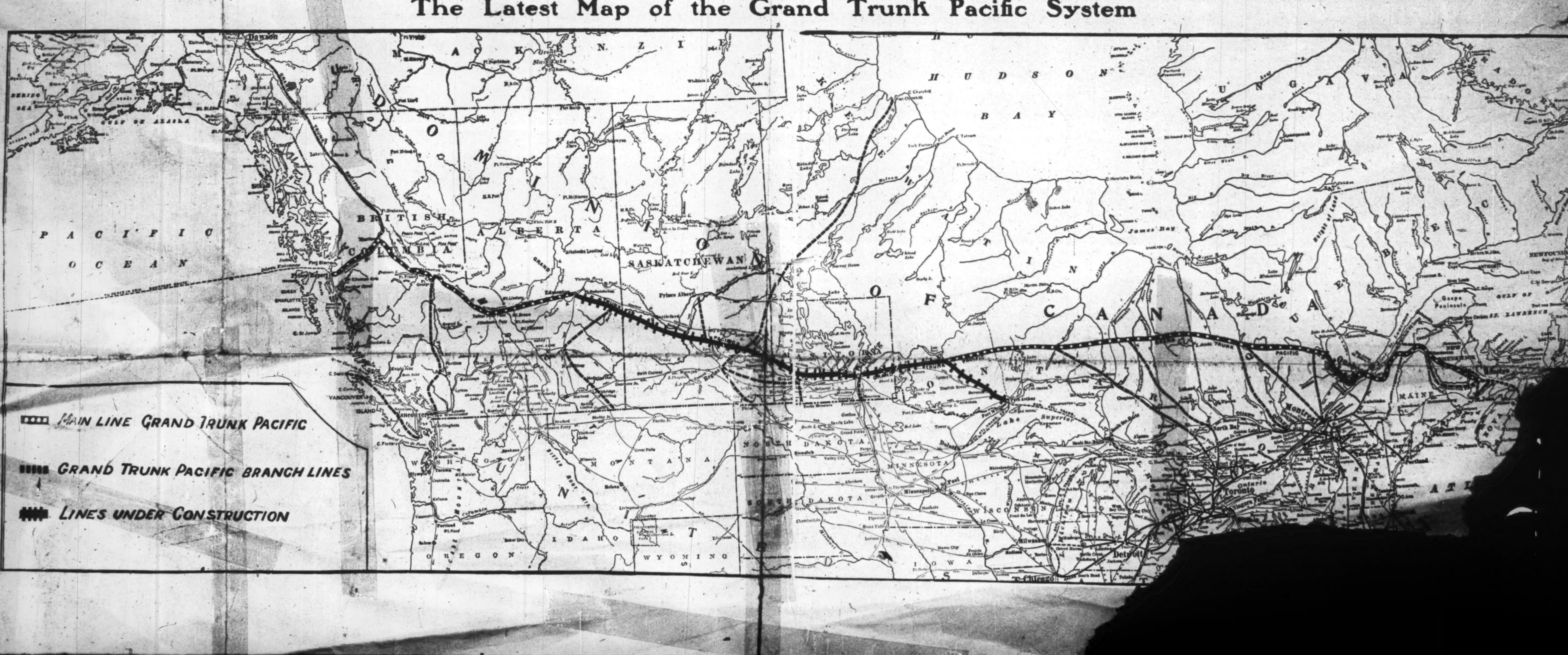
Not long ago a house which is supposed to have direct Hill connections referred in its market letter to the conspicuous position held by the Northern Pacific, as an example of the wonderful business expansion that has been in progress in the Northwest for some time. Friends of the Canadian Pacific point out that in nearly every instance a comparison between the Northern Pacific and the Canadian Pacific in the items referred to in that letter shows that the results obtained last year and during a period of several years back were in favor of the Canadian Pacific. The following are some of the items that figured in the comparisons:

	Canadian Pacific	Nor. Pacific.
Gross earnings last year	$61,669,000	$61,223,000
Increase over previous year	11,100,000	10,500,000
Surplus for divs. 5 years ago	14 061,000	9,000,000
Surplus for divs. last year	24,942,000	12,000,000
Equivalent on common stock	15 p.c.	14 p.c.

It isn't enough to be honest; a man is expected to be honest according to his neighbor's ideas of honesty.

If men were as much in earnest in business as they are in love-making, there would be fewer failures.

The Latest Map of the Grand Trunk Pacific System



Canadian Stocks

Quotations of Securities listed on the Montreal and Toronto Stock Exchanges, with prices at closing on Friday of each week. In stocks listed on both Exchanges, prices quoted are those of the market in which a stock is the more active

Active Stocks

Range for year 1905 High	Range for year 1905 Low	Range for year 1906 High	Date	Range for year 1906 Low	Date	Friday, January 11 Bid	Friday, January 11 Ask	STOCK	Par Value	Outstanding Common Stock	Outstanding Preferred Stock	Bonds	Reserve	Last Dividend Date	Per cent.	Range for week ending Jan. 11, in market of activity First	High	Low	Last	Closing one year ago Bid	Ask	Sales week ending January 10
								BANKS														
170½	155½	190½	Oct.	169½	Jan.	182		Commerce	50	10,000,000			5,000,000	1st Dec. s.-a.; an bonus	3½; 1	176½	179¼	176½	179¼	172		613
270	248	283	Jan.	262½	*Dec.		266	Dominion	50	3,000,000			3,900,000	1st Jan. q.	3		264	264	264	273	272	65
219	213	233	May	210	Dec.		215	Hamilton	100	2,470,090			2,470,090	1st Dec. q.	2½	210½	215	213	215	222¼	221¼	226
242	226	254½	May	225	Dec.	230	228	Imperial	100	4,515,954			4,515,954	1st Nov. q.	2½	229	230	229	229¾	238	238	115
172½	160	176	Oct.	160½	Jan.	169	168	Merchants	100	6,000,000			3,600,000	1st Dec. q.	2	168	169	168¼	168¼		163	6
		202½	Mar.	192	Dec.		192	Metropolitan	100	1,000,000			1,000,000	1st Jan. q.	2	192	192	192	192			5
230	220	230	Mar.	204½	†Dec.		211¾	Molsons	100	3,000,000			3,000,000	1st Jan. q.	2½	205	207	205	206¼		225	78
261	250	261	Feb.	252¼	Sept.		256	Montreal	100	14,400,000			11,000,000	1st Dec. q.	2½	256	256¼	256	256¼		255	135
285	261¼	297½	Nov.	273	July.	300	288	Nova Scotia	100	3,000,000			5,040,000	1st Jan. q.	3						279	11
230	215	233	May	222	Dec.	226	221	Ottawa	100	3,000,000			3,000,000	1st Dec. s.	5	221	222	222	222	229	224	
143	127¼	145	June	139½	Jan.	140	135	Quebec	100	2,500,000			1,150,000	1st Dec. q.	1¾	135	135	135	135		140	30
229	209¾	247½	Nov.	222	Mar.	242½		Royal	100	3,828,160			4,310,976	1st Jan. q.	2½		242½	241¾	242½		221	44
132½	131½	155¾	Mar.	133	Dec.	135	133½	Sovereign	100	3,955,480			1,255,230	1st Nov. q.	1¼	134	134¼	132	133	135		116
238	218	250¼	June	223	†April	230		Standard	50	1,456,320			1,556,320	1st Dec. q.	3		230	229	229¼	231		131
246	226	251	Feb.	222	Dec.	235	230	Toronto	100	3,943,530			4,443,530	1st Dec. s.	5	227½	235	233	235		232	121
146	133	155	Mar.	138½	*Dec.	140¼	139	Traders	100	4,316,426			1,250,000	1st Jan. q.	1¼	140	140	140	140	146¼	145¼	68
147¼	139¾	158	Oct.	143¼	Jan.	154	150	Union	100	3,000,000			1,500,000	1st Dec. s.	4	154	152	150	150		140	17
								TRANSPORTATION														
177	131	201	Dec.	155¾	May	190	189⅝	Canadian Pacific Railway	100	121,680,000	37,853,333	89,200,459		1st Oct. s.	3½	193½	195½	188¾	188¾		175¼	478
96½	75½	102	Feb.	79¼	Dec.		81	Detroit United	100	12,500,000		20,387,000	1,431,155	1st Nov. q.	1¼	80	84½	81¼	81¼		93¾	1,687
41⅞	10⅛	21	Aug.	16¾	July			Duluth	100	12,000,000	10,000,000										19¼	
110¼	100	108	Jan.	100	Oct.	103½	100	Halifax Electric	100	1,350,000		600,000	195,000	1st Jan. q.	1½	100	104½	103	104		102	7
38	14	50	Aug.	35	Mar.		43½	Havana Electric	100	7,500,000		8,331,036				43					34	
97⅞	79	97⅞	May.	79	Jan.		83	Havana Electric, preferred	100		5,000,000			15th Oct. q.	1	84½	85	85	85		79½	300
		101½	Feb.	88½	*Dec.	91	89½	Illinois Traction, preferred	100	5,810,000	2,240,000	11,241,500		1st Oct. q.	1½	89½	93½	92¼	93½			147
145	189½						132	Minneapolis, St. Paul and Sault Ste. Marie	100	14,000,000	7,000,000		b 44,295,000	15th Oct. s.	2	139	136¾	134	134			200
240½	212	284	Aug.	211	†Dec.	229	227	Montreal Street	50	7,000,000		9,609,367	907,623	1st Nov. q.	2½	228½	239	226	226		231	2,405
83	57½	110¼	Nov.	80½	Jan.	99½		Northern Navigation	100	840,000			71,184	1st Feb. a.	6	102	104	104	104		84½	75
		33¼	Feb.	27	*Dec.	31	29	North Ohio Traction	100	6,900,000		6,375,000		15th Dec. q.	½	27	30¼	29	30¼		32	273
76½	61½	88¼	Oct.	69¾	Jan.	83	82	Richelieu and Ontario	100	3,132,000		222,406	254,660	1st Dec. q.	1¼	82¾	82	82	82		73¾	65
		48	Nov.	38½	Oct.	48	47¼	Rio de Janeiro	100	21,993,900		20,900,000				46½	48	46¾	47¾			2,022
142⅞	106½	146	Feb.	125	Oct.	138	136¾	Sao Paulo	100	7,500,400		5,500,000		1st Jan. q.	2	135	138¼	135	137¼	144¾	144¼	1,076
35½	21	36¼	Jan.	25	Dec.	30	28	Toledo Railway	100	12,000,000		10,854,000		2nd Nov. s.	1	27¾	29¾	28⅛	28⅛		32	375
112½	103	126	Mar	112	*Dec.	114½	114	Toronto Railway	100	7,000,000		3,613,000	1,918,322	1st Jan. q.	1½	113	115¼	113	114		104¾	778
		95	Nov.	88½	*Dec.	96		Tri-City, preferred	100	9,000,000	2,600,000		6,464,000	1st Nov. q.	1¼	88½						
95¾	78	92	Mar.	80	Dec.			Trinidad Electric	100	1,164,000			720,000	10th Jan. q.	1¼							
122½	104¾	122¼	Jan.	102½	Dec.	107	106⅝	Twin City	100	18,000,000	3,000,000	15,566,000	1,010,205	15th Nov. q.	1¼	106	108½	107	107¾	120½	119	1,170
192½	114½	190	Mar.	160	Oct.	180	175¼	Winnipeg Electric	100	4,000,000		3,500,000	686,934	1st Jan. q.	2	173	175	175	175	157		
								TELEGRAPH, LIGHT AND POWER														
162	149	158¾	Feb.	145	*Dec.	144		Bell Telephone	100	9,000,000		2,325,000	3,132,876	15th Oct. q.	2	144	145	143	144		156	74
214	206	209	Mar.	200	*Oct.		204	Consumers Gas	50	2,500,000			973,155	1st Nov. q.	2½	203	*205	*204	*205		205	4
60	37	77½	June	57⅛	Jan.	73¾	72¾	Mackay, common	100	41,380,400				1st Jan. q.	1	70	74	72¾	72¾	58¼	58	2,716
76½	71¼	76⅜	June	68	Dec.	71¼	70⅜	Mackay, preferred	100		43,437,200			1st Jan. q.	1	68¼	70⅞	68¼	70⅞	73¾	73	1,311
93	77¾	99½	Nov.	86	May	93	92½	Montreal Power	100	17,000,000		846,000		15th Nov. q.	1¼	92	94	92½	93		87¼	904
70	66½	70	Jan.	47½	Oct.	55¼	55⅛	Mexican Light and Power Co.	100	13,600,000		12,000,000				55	55½	55	55	69¾	68¾	690
162¼	145½	171	Nov.	152	July	160	158¾	Toronto Electric Light	100	2,991,910		1,000,000	300,000	1st Jan. q.	2	159¾	160	157	159	162	161¼	244
								INDUSTRIALS														
178	136¼	155	Jan.	130	Oct.	136		Canadian General Electric	100	4,700,000	300,000		1,671,082	31st Dec. q.	2½	135½	136	134¾	136	153	152¾	672
28¾	16¾	34¼	April	20½	Nov.	24	23⅞	Dominion Steel, common	100	20,000,000		10,044,833				23¾	25	24	24	29	28¾	1,384
75¾	60¼	83½	May	60	Nov.	65½	64	Dominion Steel, preferred	100	5,000,000						64¾	66	65	65		77¼	215
86½	59⅞	84½	Feb.	58	Nov.	64	63	Dominion Coal	100	15,000,000						64½	66	63½	63½	79	77	170
119	114	122	Mar.	112	Nov.			Dominion Coal, preferred	100	3,000,000		5,691,198		1st Aug. s.	3½						121	
104½	80	109¾	Mar.	95¼	Nov.	101	98	Dominion Textile, preferred	100	7,500,000	1,940,000		b 6,966,660	15th Oct. q.	1¾	98	98	98	98		101½	32
118	88	100	Sept.	89	Jan.			Lake of Woods Milling	100	2,000,000				3rd Oct. s.	3	90					89	
122	110	115	Sept.	108	Dec.		109	Lake of Woods Milling, preferred	100		1,500,000			1st Dec. q.	1¾	107					112	
110	60	114	Jan.	97	Oct.	100	98½	Montreal Steel	100	700,000				8th Jan. bal.	4½	98					104	
119	99	115	Feb.	106	Nov.			Montreal Steel, preferred	100		800,000			8th Jan. q.	1¾						111½	
69½	51¼	74½	Feb.	60	May	73	71	Nova Scotia Steel, common	100	5,000,000			b 3,838,000			71½	73	71½	72¾	69¾	69	1,087
122	109¾	125	Aug.	118	*Jan.			Nova Scotia Steel, preferred	100		1,030,000			15th Oct. q.	2		120	120	120		118	10
								Ogilvie Flour	100	1,250,000		1,000,000		Sept. s.	7							
140	124½	130	Jan.	123	Dec.	124		Ogilvie Flour, preferred	100		2,000,000			1st Dec.	1¾						127	
							270	Nipissing Mines Co.	5	6,000,000				20th Jan. q.	3x2	300	300	270	277½			

*Ex-div. †Ex-allotment

Inactive Stocks

Latest price Ask	Bid	STOCK	Par Value	Common Stock Outstanding	Bonds or Preferred Stock Outstanding	Reserve	Last Dividend Date	Per cent.	Range for year 1906 High	Low	Last Sale
		BANKS									
	146	British North America	243	4,866,666		2,141,333	5th Oct. s.	3	1[illegible]	[illegible]	[illegible]
161		Eastern Townships	100	3,000,000		1,900,000	1st Jan. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Hochelaga	100	2,000,000		1,600,000	1st D[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Nationale	30	1,500,000		600,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		LOAN AND TRUST									
	120	Agricultural Loan	50	630,200		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	124	Canada Landed	100	[illegible]		460,[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	125¾	Canada Permanent	10	6,000,000		2,200,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	160	Central Canada	100	1,500,000		1,000,000	1[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
80	75	Col. Investment, preferred	10	2,398,701		119,808	1st [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	71	Dominion Savings	50	934,597		80,000	31st D[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	123	Hamilton Provident	100	1,100,000		450,000	2nd Jan. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
188	184	Huron and Erie	50	1,900,000		1,525,000	2nd Jan. s.	4½	[illegible]	[illegible]	[illegible]
		Imperial Loan	100	735,467		65,000	2nd Jan. s.	2½	70	[illegible]	[illegible]
	123	Landed Banking	100	700,000		270,000	2nd Jan. s.	3	125	121	[illegible]
	105½	London and Canada Loan	50	1,000,000		225,000	2nd Jan. s.	3	111¼	105	[illegible]
118		London Loan	50	679,450		116,000	1st Jan. s.	3			[illegible]
		Montreal Loan	25	500,000		400,000	15th Sep. s.	3½	138	*133¼	[illegible]
		North of Scotland	£10	£50,000		£35,000	5 s. plus	2½			
	158½	National Trust	100	1,000,000		400,000	2nd Jan.	1¾	157	155	
	131	Ontario Loan and Debenture	50	1,200,000		655,000	2nd Jan. s.	3¼	140	128¼	
		Real Estate Loan	40	373,720		65,000	2nd Jan. s.	2½ plus ½	90	85	
		Toronto General Trusts	100	1,000,000		325,000	2nd Jan. s.	3¾	160	140	
	110	Toronto Mortgage Co	50	724,550		290,000	2nd Jan. s.	3	115½	105½	
		Toronto Savings	100	1,000,000		550,000	1st Jan. q.	1½			

Latest price Ask	Bid	STOCK	Par Value	Common Stock Outstanding	Bonds or Preferred Stock Outstanding	Reserve	Last Dividend Date	Per cent.	Range for year 1906 High	Low	Last Sale
		OTHER COMPANIES									
		British America Assurance	25	848,226		191,787	3 % passed		98	97	
		British Columbia Packers, pfd	100	1,511,400	1,270,000		7 for year Nov. 20, '04		80½	59¾	
57	53½	Canada Col. Cotton	100	2,700,000	b 2,000,000		15 Dec.	1	60	45	
		Canada Life Assurance	400	1,000,000			1st Oct.	4	163	163	
		Canadian Salt	100	500,000			1st Jan. q.	2	110½	*108	
500		Canada North-West Land	25	1,467,681			[illegible]		500	400	
37¾		City Dairy	100	565,000		7,500	31st Dec. q.		38	21¼	
		City Dairy, preferred	100	271,620			2nd Jan.	1¾	94¼	*82½	
		Confederation Life Association	100	100,000			1st Jan. a.	7½	285	272½	
	120	Dominion Telegraph	50	1,000,000			15th Jan. q.	1¼	121	*119	
		Hamilton Electric Power, pfd.	100	1,700,000	2,895,700		15th Jan. s.	2½			
		Imperial Life Assurance	100	450,000			1st Jan. q.	1¼	149	149	
		Intercolonial Coal	100	500,000	b 242,500	90,474	Sept. s.	3½	90	84	
		Intercolonial Coal, preferred	100		219,700		Sept. s.	3			
		Laurentide Paper	100	1,600,000			1st Feb. s.	3	107¾	89½	
	104	Laurentide Paper, preferred	100		1,200,000		1st Jan. q.	1	114¾	100¼	
		London Electric	100	392,500		60,000	1st Dec. s.	3	95	89¾	
		London Street	40	500,000	b 550,000		31st Dec. s.	3¾	97½	97½	
135	127	Montreal Cotton	100	3,000,000	b 350,000		15th Dec. q.	1¾	135	122	
165	162	Montreal Telegraph	40	2,000,000			15th Jan. q.	2	171	162	
		Niagara Navigation	100	701,300	b 111,000	98,000	2nd Jan. s.	4	133¼	117	
	75	Niagara, St. Cath. and Toronto	100	925,000						75	
		Ottawa Electric Railway	100	814,800		192,280	2nd Jan. q.	2	80		
		Western Assurance	20	1,500,000		419,836	passed		98	96	
		Windsor Hotel	100	600,000	b 1,100,000		Dec. s.	4 plus 1	*105	100	

NOTE.—s.—semi-annual; q—quarterly; plus indicates bonus; b. means bonds.

CURB QUOTATIONS.

TORONTO—WEEK ENDING JAN. 11th, 1907.

NAME	Stock Issued.	Average.	High	Low	Last	Sales Week ending 10th.
Abitibi & Cobalt Mining Co.	2,500,000		30	28	39	1,000
Beaver Silver Cobalt Mining Co.	500,000	20	30	26	26	500
Buffalo Mines Co.	1,000,000	40	350		300	
Cobalt Contact Silver	300,000		50			
Cobalt Silver Queen	1,500,000	58	242	213	227*	40,910
Cleveland Cobalt Silver Mines	1,000,000	114	100			
Coniagas	4,000,000	40	500	475	475	1,375
Foster Cobalt Mining Co.	1,000,000	40	275	240	255	29,120
Green-Meehan Mining Co.	2,500,000		145	141	144	15,315
Kerr Lake Mining Co.	3,000,000	52	500			
McKinley-Darragh-Savage Mines	2,500,000	40	229	229	229	75
Peterson Lake	3,000,000		52	46	52	8,200
Red Rock Silver Mining Co.	1,000,000		110	110	110	200
Rothschild Cobalt Co.	500,000		41			
Silver Bar Mining Co.	500,000		45			
Silver Leaf Mining Co.	5,000,000	40	25	19	24	86,800
Temiscaminque	2,500,000		109	104	107	675
Trethewey	1,000,000	40	210	195	195	28,160
University Mines	1,000,000	56	$ 12	$ 11	$ 12	30

UNLISTED SECURITIES.

NAME	Stock Issued	Average	High	Low	Last	Sales Week ending 10th.
Brit. Col. Packers' Ass'n. Com.	1,511,400					
Canadian Gold Fields			7½	7½	7½	5,000
Canadian Oil Co.						
Consolidated Mining & Smelting	4,698,886		1 45	1 45	1 45	10
Canada Cycle & Motor Co.	800,000					
Dominion Park						
Havana Central	6,250,000		78	78	78	5,000
Illinois Traction Com.	5,810,000					
Mexican			58	58	58	500
Quebec Railway, L. & P. Co.	2,500,000		39	39	39	65
Rogers, Wm. A., Pref.	900,000		95	95	95	10
Shawinigan L. & P.			40½	40½	40½	125
Tri-City Railway & Light Co.	9,000,000					
Western Bank of Canada	555,000		1 40	1 38	1 38	10
Yukon Loan & Trust Co.						
Rogers, W. A., Com.	750,000					

RIO.

The following statement has been made from official sources:
one set of transmission lines are completed from Rio dos Lagos to the power station in the outskirts of the city. The company expects to commence regular commercial distribution of the current, generated by water-power, from the advance station at Rio dos Lagos, about March 15, from which date they will operate all the city lighting, public and private, and all of the tramways which are electrically equipped by that date, and will also commence supplying power for commercial purposes. The earnings of the properties are steadily increasing. The estimated earnings for the year ending Dec. 31 are: £1,200,000 gross and £311,000 net. The earnings for September were $477,330 gross and $132,000 net, and for October $508,330 gold gross and $156,-660 gold net. The estimated gross earnings of the present year (to Dec. 31, 190'), exceed those of the first twelve months that the company had control of its enterprises (to June, 1906) by £51,000, or 19.6 per cent. The Government are meeting the company most obligingly in all matters. Returns of the monthly earnings will now be posted to shareholders.

NORTHERN NAVIGATION.

The dividend for the past year was fixed last Saturday at 7½ per cent. The earnings for the past season are roundly $135,000, as compared with $87,751 in 1905. The dividend will absorb $73,000, leaving a balance of $72,000. There will be a slight reduction in the insurance payable on the Monarch. The energetic president, Mr. H. C. Hammond, who is responsible for pulling this company out of the deeps, favors a conservative policy. The balance or a large portion of it, will be used as a contingent fund against depreciation and loss. The stock is now on a favorable basis, and quite inviting to the investor who wishes to buy outright.

THE BOND MARKET

TRANSACTIONS FOR THE WEEK ENDING JAN. 11

BONDS	Rate	Closing Asked	Closing Bid	Sales Week Jan. 11
Bell Telephone Co.	5	107¼	106	
Can. Colored Cotton Mills Co.	6			300
Commercial Cable Co.	4	98½		
Dominion Coal Co.	5	89½		1,500
Dominion Cotton Mills Co.	6	94		4,000
Dominion Iron & Steel Co.	5	79¾	79½	8,000
Dominion Textile Co., Series A.	6	92	91½	4,125
Do. Do. Series B.	6		91¼	500
Do. Do. Series C.	6	92	91½	3,000
Do. Do. Series D.	6			
Halifax Electric Tramway Co.	5	104	100	
Havana Electric Railway Co.	5			
Intercolonial Coal Co.	5			
Lake of the Woods Milling Co.	6			4,000
Laurentide Paper Co.	6		108	1,000
Mexican Electric Light Co.	5	78½		
Mexican Light & Power Co.	5		82½	
Montreal Light, Heat & Power Co.	4½	82½	81½	
Montreal Street Railway Co.	4½		103	1,200
Nova Scotia Steel & Coal Co. 1st Mtg.	6		108	5,000
Do. Do. Cons. Mtg.	6	102	100½	
Ogilvie Flour Mills Co.	6	118		
Price Bros. Co.	6			
Rio de Janeiro Tramway, L. & P. Co.	5	78½	78	34,000
Saint John Railway Co.				
Sao Paulo Tramway L. & P. Co.	5		93¾	2,000
Winnipeg Elect. Street R'y. Co.	5		102½	
Montreal Water & Power Co.	5			
Montreal City, Stock	7			
Do. Stock	4			2,000

BREAK IN C.P.R.

The London and Wall Street markets were weak on Friday afternoon. The announcement that the Pennsylvania railroad would ask at its annual meeting in March authorization of $200,000,-000 in loans had a depressing effect in London and prices dropped two points and remained weak during the day. The general feeling at the present moment is pessimistic. Pennsylvania has been inopportune more than once in its money demands. The closing saw a rally, but C.P.R. suffered and dropped five points, recovering at the close to 190.

The total value of farm products for the year 1906 in the United States were $6,794,000,000, the largest on record, and $485,000,000 more than the preceeding year. Since 1899 farm products have increased in value $2,077,000,000.

The friendship which will stand the strain of business relations is as sure as anything in this world.

THE COBALT STOCKS.

The Cobalt stocks have made a considerable recovery and while Foster and Trethewey sold off a little on Friday, they are likely to improve. Green Meehan, on account of its shipments, the third car being now on the way, has shown strength. Silver Leaf is becoming a noticeable feature. Nipissing is likely to show advances. The Cobalt Lake Company and the Kerr Lake Company are two large flotations which will soon come on the market. Under present conditions, with money scarce, these will not have an ameliorating influence on the mining list.

BANK CLEARINGS.

For the week ending Jan. 10, Montreal bank clearings were $32,379,028, as against $30,348,042 in corresponding week of 1906.

Toronto clearings showed a decrease under 1906, the figures are: 1907, $25,-050,672; 1906, $26,757,675.

Winnipeg showed the highest actual increase, as well as the highest percentage, 19ñ7, $12,295,193; 1906, $9,549,-670.

STOCK EXCHANGE TRANSACTIONS.

A Comparison between Montreal and Toronto—The Sales for 1906.

Much interest was taken by the brokers of the Montreal and Toronto Stock Exchanges in the annual statements of transactions of the two boards. The Montreal stockbrokers have been operating on a commission of one-eighth while Toronto retains the one-quarter per cent. charge.

Though the volume of transactions on both exchanges has been disappointing, particularly in the past eight months, Montreal shows an increase, and Toronto exhibits an equal decrease in stocks. The activity in the mining market in Toronto has, in a measure, compensated for the dullness in the regular list for the last half of the year. The transactions compared are:

Stocks.	1906.	1905.
Montreal	1,187,384 shares	1,019,462 shares
Toronto	554,282 shares	661,200 shares
Bonds.		
Montreal	$6,267,534	$5,245,367
Toronto	$3,679,100	$1,347,000
Mining.	1906.	1905.
Montreal	66,160 shares	68,483 shares
Toronto	140,008 shares	95,876 shares

The mining shares transactions in 1906 were proportionately much more valuable than in the previous year.

The New York Stock Exchange broke all previous records, the total transactions being 281,086,289 shares, or 20,-865,972 shares more than in 1905, the highest previous year. This does not mean that speculation was any heavier. Regard must be paid to the great increase in money and capital, and the widening capabilities of the moneyed interests.

BANK OF TORONTO.

The Features of its Statement—A Great Showing in Commercial Loans.

The Bank of Toronto held its fifty-first annual meeting on Wednesday and completed its golden jubilee of dividends. A financial statement and annual report contributed by the bank will be found on another page, along with a history and narrative synopsis written and compiled by the editorial staff.

The striking points of the financial statement are:

Increase in deposits over 1905, 16 per cent.

Increase in loans over 1905, 19 per cent.

Increase in commercial loans over 1905, 34 per cent.

Reserve is 12½ per cent. more than capital.

Average dividend for fifty years, 9.82 per cent.

FINANCIAL CALENDAR.

Week Ending Jan. 19.

Jan. 14. Annual meetings.
Carillon & Grenville Railway Co.

Jan. 15. Montreal Transportation Co.
Roland Paper Co.
Lake Huron Silver & Copper Mining Co.

Jan. 16. United Empire Bank.
Northern Bank.
Canadian Savings L & B. Association. (special.)

Jan. 17. Montreal Trust & Deposit Co.
Guarantee Co., of North America.
Dominion Cloth Co.

Jan. 18. Toledo Railway Co.
People's Bank of New Brunswick.

Jan. 19. Canada Paint Co.

Dividends Payable.

Jan. 15. Bell Telephone Co., 2 quarterly.
Dominion Textile, pref. 1¾ quarterly.
Dominion Telegraph 1¼ quarterly.
Guarantee Co. of North America 3 S.A.
Nova Scotia Steel, pref. 2 quarterly.
Hamilton Cataract Co.
Havana Electric, 1 quarterly.

Jan. 19. Northern Navigation. 6x1½ annual.

THE DOMINION BANK.

Features of the Annual Statement Which Has Just Been Issued.

The main points in the annual statement of the Dominion Bank just issued are:

The reserve has been increased by $500,000, making a total of $3,900,000 compared with capital $3,000,000. Reserve is now 130 per cent. of capital.

Net profits for 1906 were $539,360 or 17.97 per cent. of capital as against $490,495 in 1905, an increase of 10 per cent.

Cash reserves show a striking increase from $7,199,300 in 1905 to $9,-013,327 in 1906, an increase of 25 per cent.

Current loans advanced to $32,915,-267 in 1906 from $28,554,190 in 1905.

The earnings of C.P.R. for first week of the year, contrary to expectation, were $35,000 better than last year, the total being $1,059,000.

THE BANK OF TORONTO

The Golden Jubilee of Ontario's Oldest Bank

The Salient Features of the Annual Report—The Continuity of Dividends—The Great Percentage Gain in Assets, Deposits and Loans—The History of the Bank—The President's Annual Address

The fifty-first annual meeting of the stockholders of the Bank of Toronto was held at their banking house on Wednesday, 9th January, 1907.

The President, Mr. W. H. Beatty, took the chair, the General Manager, Mr Duncan Coulson, was requested to act as Secretary, and Messrs. E. M. Chadwick and A. H. Campbell, jun., were appointed scrutineers.

The following report was read:—

The Directors of the Bank of Toronto beg to present to the Stockholders their annual report, accompanied by a statement of the affairs of the bank.

PROFIT AND LOSS ACCOUNT.

The Balance at credit of Profit and Loss on 30th November, 1905, was		$109,046 27
The Net Profits for the year, after making full provision for all bad and doubtful debts, and deducting expenses, interest accrued on deposits and rebate on current discounts, and expenses of sales and all furnishings for new offices, amounted to the sum of	$544,295 85	
Premium received on New Stock	483,945 00	
		$1,028,240 85
		$1,137,287 12

This sum has been appropriated as follows:—

Dividend No. 100, Five per cent	$174,542 52	
Dividend No. 101, Five per cent	195,751 10	
		$370,293 62
Transferred to Officers' Pension Fund		10,000 00
Written off Bank Premises		100,000 00
Transferred to Rest Account from Profit and Loss Account	$100,000 00	
Transferred to Rest Account from Premium on New Stock	483,945 00	
		583,945 00
Carried forward to next year		73,048 50
		$1,137,287 12

REST ACCOUNT.

Balance as on 30th November, 1905	$3,859,585 00
Transferred from Profit and Loss Account	100,000 00
Premium on New Stock	483,945 00
Amount at Credit on 30th November, 1906	$4,443,530 00

The prosperity of the country, to which reference was made in the report of last year, has continued. There has been a large increase in its capital and population, the development of resources has progressed rapidly and the general business of the country has been both active and profitable.

During the year 21 new branches of the bank have been opened, bringing the total number of branches up to 67. Of these new branches 12 are in Ontario, 5 in Manitoba, and 4 in Saskatchewan.

All the expenses of opening and equipping these new offices, including safes, furniture, stationery and alterations to buildings, have been charged against the profits of the year.

The sum of $190,000 having been expended upon new buildings during the year, and further sums being required for this purpose during the ensuing year, the Directors have deemed it advisable to write off $100,000 from the amount represented by bank premises.

The new stock issued in May, 1905, has been fully paid, and to meet the requirements of the bank for increased note circulation, consequent upon its enlarged business, the Directors decided to increase the paid-up capital stock of the bank to the full extent authorized, and an allotment of $500,000 new stock was made on the 3rd of June, 1906.

At the closing of the books on 30th November last there had been subscribed of such allotment $464,400, on which $443,530 had been paid, making the paid-up capital on that date $3,943,530.

As the capital stock now authorized is $4,000,000, and this amount has been almost fully paid, the Directors propose asking the stockholders at this meeting to authorize a further increase in the capital stock to the extent of $6,000,000, which would make the total authorized capital $10,000,000 and to give powers to the Directors to issue this new stock from time to time as the interests of the bank may require.

The Directors deem it worthy of mention in this report that the bank has completed 50 years of its history, having opened its doors for business in July, 1856.

All of which is respectfully submitted. W. H. BEATTY, President.

GENERAL STATEMENT

LIABILITIES.

Notes in Circulation		$3,546,905 00
Deposits bearing interest	$20,369,665 29	
Deposits not bearing interest	4,367,458 53	
		24,737,123 82
Balances due to other Banks		142,120 49
Half-yearly Dividend, payable 1st December, 1906		195,751 10
		$28,621,900 41
Capital paid up	$3,943,530 00	
Rest	4,443,530 00	
Interest Accrued on Deposit Receipts	12,900 00	
Rebate on Notes Discounted	127,000 00	
Balance of Profit and Loss Account carried forward	73,048 50	
		8,600,008 50
		$37,221,908 91

ASSETS.

Gold and Silver Coin on hand	$ 690,652 53		
Dominion Notes on hand	2,166,326 00		
		$2,856,978 53	
Notes of and Cheques on other Banks		1,283,309 77	
Balances due from other Banks		1,359,254 38	
Deposit with Dominion Government for security of Note Circulation		145,000 00	
Government, Municipal, Railway and other Debentures and Stocks		2,671,193 51	
Call and Short Loans on Stocks and Bonds		2,037,826 69	
			$10,353,562 88
Loans and Bills Discounted		$26,288,198 40	
Overdue Debts (estimated loss provided for)		10,147 63	
			26,298,346 03
Bank Premises			570,000 00
			$37,221,908 91

30th November, 1906.

D. COULSON, General Manager.

The President, Mr. W. H. Beatty, in moving the adoption of the report, said:

Gentlemen, I have pleasure in rising to move the adoption of the report which has just been read in your hearing.

It is not necessary for me to dwell at very great length on any of the points that are touched upon in the report, for to a very large extent it speaks for itself.

Your attention is called therein to the prosperity of the country, and, happily, there is no need to present many statistics in order to substantiate the truth of the statement. Evidences of this prosperity are manifest on every hand. Every department of our country's commercial life is prosperous to a very high degree. The wealth of our fields, forests and mines, the activity of our factories, and the largely increased demand for, and consumption of commodities of all kinds, are so well known to each one of us that it is hardly necessary to follow the reference to them with any degree of detail.

And yet it seems desirable to mention a few figures that will bring these evidences under our notice in a concrete form.

The trade and commerce returns issued by the Government for the year ending 30th June last show that the total exports and imports of the Dominion amounted to $546,000,000, an increase over the previous year of more than $81,000,000. The figures that have been published for the five months succeeding that date show an increase of $44,000,000 over those for the corresponding months of the preceding year. These amounts relate only to the foreign trade of the country, and while it is impossible for us to estimate the volume of the domestic trade, each one here knows that it has been of a most active character. Every factory is running at its full capacity, and the owners of most of them have to tell the story that they have a larger number of orders on hand than they can fill, and that the volume of their business has never attained such dimensions.

The railways are unable to carry the amount of freight that has been offered, although they have spent over fourteen millions of dollars during the year in increasing their equipment. More than 3,300 miles of new railways have been constructed at an expenditure of over $62,000,000.

There has been added to our population by immigration from different countries about 200,000 people, and the amount of land that has been brought under cultivation has very largely increased in consequence.

The combined statements of the chartered banks present other evidences of the enormous expansion that has taken place. In November, 1905, the amount of bank and Government notes in circulation and in the hands of the public was $83,000,000; in 1906 the amount had increased to almost $93,000,000. At the same time deposits in Canadian banks have grown from $566,000,000 to $660,000,000, an increase of $94,000,000. This increase in deposits has been largely used in assisting commercial and industrial undertakngs, the loans of the banks having increased from $600,000,000 to $700,000,000.

Further evidence, therefore, is hardly required, and I do not deem it necessary to go into particulars about the different branches of trade, as has been done on some former occasions.

It would, however, be very little satisfaction to us as stockholders of the Bank of Toronto to know that general conditions were in such a satisfactory state in the country if this bank were not sharing in the prosperity and growth everywhere manifested. But I am satisfied that a comparison of the figures presented to you in the statement of to-day shows that we have been participating in the growth and have received our fair share of the increases.

The circulation of the notes of the bank has increased from $3,088,664 to $3,546,905; deposits, from $21,367,075 to $24,737,123, an increase of $3,370,048; loans, from $23,763,628 to $28,326,025, an increase of $4,563,397. And as an indication that the bank has not been behindhand in assisting the commercial and industrial interests of the country, your attention is called to the fact that we have withdrawn part of our money from call loans and have increased the amount of our commercial loans, so that the difference between the current commercial loans of a year ago and of to-day shows an increase of $6,749,270, being from $19,538,928 to $26,288,198.

In connection with the bank's operations for the year, the report informs you that we have opened twenty-one new branches. These have already added to our resources and have increased the volume of our business, and we trust they will all prove profitable offices and aid in strengthening the position of the bank. The expense of opening so many new branches and thoroughly equipping them has amounted to a very considerable sum. They are all provided with burglar-proof safes of the latest construction, and are also provided with furnishings and adapted for the purposes of carrying on the business of the bank. These safes and fixtures are really a very valuable asset of the bank, as they form part of the machinery which enables us to do our work in a satisfactory manner, but it has been our invariable practice to charge all such expenditure against the profits of the year; and this year, although the amount has been much larger than usual, we have not hesitated to charge the whole amount to our expense account, which has been debited with over $60,000 for this purpose.

We are at present engaged in building new offices in Toronto, Winnipeg and St. Catharines, and in connection with these buildings there has been expended during the year $190,000. While it is no doubt true that these buildings are worth all they cost and serve useful purposes, not only in providing the bank with its working places, but also in advertising the bank in an effective manner, yet it seems a prudent policy to reduce the valuation of these properties in our statement and to keep the valuation of such assets always under their cash value rather than above. Your Directors have, therefore, thought it well to apply $100,000 in reducing the amount of bank premises account.

The paid-up capital of the bank has now nearly reached the limit of $4,000,000 heretofore authorized. Of the last allotment of $500,000 there had been subscribed up to 30th November, 1906, the sum of $464,000, on which $443,530 had been paid, making the paid-up capital on that date $3,943,530. The time for subscription had not then expired, and some amounts have been subscribed since our financial year closed, but shares representing the unalloted fractions and unsubscribed stock will very shortly be available for sale. These shares will be sold to the best advantage and the premium be added to the profit account of the bank, and be available for further additions to the rest account.

Your Directors deem it desirable to obtain authority to make further issues of new stock as the business of the bank is considered to require it. The obligation has been laid upon the chartered banks of this country to provide the circulating medium which enables the necessary exchanges of commodities to be made. The banks have received the privilege from Parliament under their charters to issue their own notes up to the amount of their paid-up capital, and as the business of the country expands and as new demands are made upon us from time to time, we feel ourselves bound to share in discharging the duty which banks owe to the country in providing the currency to assist in facilitating and developing its trade.

For this reason the Directors are about to ask the stockholders [illegible] authority to make application to the Treasury Board for permission to have [illegible] capital increased to the sum of $10,000,000, and further to ask you t[illegible] ectors power from time to time to issue the capital so authorized [illegible] and at such times as it may be in the interests of the bank to have [illegible]

As the report has stated, we have now completed fifty years o[illegible] and I think I may safely say that the bank is to-day stronger and [illegible] for business than at any time during its long life. The policy p[illegible] bank has been of a conservative character, and we consider oursel[illegible] stating that on the whole this course has proved to be not only [illegible] the most profitable one in the interests of the stockholders. T[illegible] whole of this period of fifty years the bank has never failed to pay [illegible] its stockholders every six months. The average rate of yearly d[illegible] this long term of years has been 9.32 per cent., and, in additio[illegible] stockholders have, in connection with the issues of new stock, recei[illegible] privileges which had a cash value, and if such value were taken in[illegible] distributed over the period of fifty years the return received by ou[illegible] would be increased to an average of over twelve per cent. through[illegible] period. In addition to this, a reserve fund of $4,500,000 has been built up, of [illegible] not less than $2,500,000 has been accumulated out of the earnings of the bank, making an average addition of $50,000 per year to the rest account from the bank's earnings.

When we take into consideration the many periods of depression and severe financial crises through which we have passed, the long years during which the country made very slow growth, and the number of banks that have been unsuccessful, it is a matter for congratulation that the stockholders of this bank have received such a steady and adequate return upon their investments, and that the bank occupies the position of great strength that it does to-day.

I need not say to you, gentlemen, to how large an extent the success of the bank is owing to the unwearied effort and high business capacity of the present General Manager, who has for 30 years past filled that office, and whose connection with the bank in various capacities has extended over very nearly fifty years, for in April next he will have completed that period of service in the bank. I am sure that you, gentlemen, will join with me in expressing to him our very hearty thanks for the care and fidelity which he has exercised over our interests during these many years, and, not least, in the year which has just passed.

I beg also to state that the Directors recommend to their successors in office that hereafter dividends of the bank be paid to the stockholders at quarterly periods instead of half-yearly, as heretofore.

I now beg to move, gentlemen, seconded by the Vice-President, that the report which has been presented to you be adopted and printed for distribution amongst the stockholders.

A motion was passed adopting the report, and Mr. Coulson, in responding to the words of appreciation expressed by the President, said:

I have difficulty in expressing my thanks as I could wish for the more than flattering manner in which you have called attention to my long connection and service with the bank. The period of this service may be said to mark the space between youth, and, shall I say, approaching old age, and while during all these years I have, to the best of my ability, aided in building up the bank and placing it in the proud position which it occupies to-day, there has ever been associated an able body of Directors and an efficient and loyal staff to whom must be given credit for much of what has been accomplished in this respect.

It is sometimes said that this bank might have accomplished more than it has done, that its policy has been one of over-conservatism, and that we have not expanded as rapidly as we might have done, and have been less ready to adopt modern methods of business than some of our neighbors. We are quite ready to admit that others have shown greater aggressiveness, and in many cases have spread themselves over extended territory; but I will venture the opinion that none have builded deeper or on a more solid and enduring foundation than has the Bank of Toronto.

Looking back over a period of fifty years, we are reminded of the changes that have taken place in the banking institutions of the country. We are prepared to find changes in a business community amongst the ordinary mercantile houses, but in connection with financial institutions we are led to consider it natural for them to exhibit greater stability. The record of the past, however, does not show that this is a necessary result.

When the Bank of Toronto opened its doors in 1856 there were twelve chartered banks in the Provinces of Ontario and Quebec. Of these there are only five doing business to-day. In the next succeeding ten years thirteen new banks were formed; of these five are left. In all twenty-two banks in these two Provinces have gone out of existence since we began to do business. Including those mentioned, eighty banks have opened for business in various parts of the Dominion, and of these only thirty-six now remain, the others having passed out of existence, either by suspension, liquidation or having been absorbed by some of the remaining banks.

The remembrance of these facts will, I think, tend to show that banking is a business that is attended with its own share of risks, and the fact that we have survived and are to-day occupying the position that we do is a matter for congratulation.

Will you pardon me for saying that I have great pride in the Bank of Toronto, that I am proud of my long connection with it, and prouder still of the position that it has attained amongst the financial institutions of the Dominion.

I trust that the years to come will show continued steady growth, and that even if history does repeat itself and days of adversity come upon the country, this—the old bank—will be in a position to extend aid to the mercantile community at the times they need it most and will continue to be a safe place where all classes can deposit their surplus money with confidence.

Again thanking you, Mr. President and gentlemen, for your very kind words.

The report was adopted and the thanks of the stockholders were tendered to the President, Vice-President and Directors of the bank for their attention to its affairs throughout the year.

A by-law was passed authorizng the Directors to increase the capital stock to $10,000,000 and empowering them to issue the same from time to time as required.

The following were elected Directors for the year:—William H. Beatty, William George Gooderham, Robert Reford, John Waldie, Hon. C. S. Hyman, M.P., Robert Meighen, William Stone, John Macdonald, Albert E. Gooderham, Nicholas Bawlf.

At a meeting of the new Board Mr. William H. Beatty was unanimously re-elected President and Mr. William G. Gooderham Vice-President.

THE EARLY DAYS.

The Dividend Average for Ffty Years.

The Bank of Toronto has, this week, completed its Golden Jubilee. The oldest of purely existing Ontario banking institutions, its annals are reflective of the prosperity and growth of what is still termed the Banner Province of Canada. The younger sisters of the Great West may soon appear as very formidable rival claimants, but there is still a large extent of land and promising territory to the north in this Province, that is now on the eve of development through the building of two new Transcontinental railway lines, and it is difficult to say how great riches may be brought forth.

A glance at the history of the Bank is the most striking argument in favor of sound and conservative banking principles that the history of any financial institution in Canada can present. Opening its doors in July, 1855, its first annual meeting was held on July 15, 1857. That was a time when a financial crisis in the affairs of Toronto and the Province had been reached. The excessive land speculation consequent upon the building of the first railroads, the worst boom in real estate that Toronto had known, the penalty the financial universe was paying for the cost of the Crimean War, did not constitute a favorable period for a new institution. Yet, after two years of operation, the Bank of Toronto paid a dividend of ten per cent., in the next year eight per cent., and the President, J. G. Chewett, in the annual report, was able to say: "It could not be supposed that so critical a period would be passed through without loss, but the Directors, having carefully examined every liability, consider that the sum of $9,539.57 above named, is amply sufficient to cover every contingency—a result upon which they cannot but congratulate the stockholders."

The Bank of Toronto, after its fifty years of annual dividends, can look back with pride upon the fact that its returns to its stockholders have averaged 9.32 per cent. per annum, and if the various rights on stock subscriptions offered from time to time, are included, the return averages over 12 per cent. per annum. In this period the Bank has passed through the severest periods of depression known in our history, including 1857, 1873, (which reached its worst phase in Canada in 1876), and 1893.

The following comparative figures show the growth of the Bank since its incorporation.

Year.	Circulation.	Deposits.	Loans & Investments.	Capital.	Rest.
1856	$ 293,689	$ 197,598	$ 633,990	$ 223,439	$
1866	1,124,746	1,578,874	2,647,394	800,000	100,000
1876	960,623	2,461,896	5,715,715	2,000,000	1,000,000
1886	1,165,168	4,949,484	8,013,485	2,000,000	1,200,000
1896	1,473,857	9,354,824	12,126,615	2,000,000	1,800,000
1903	2,855,846	15,474,069	21,019,373	2,954,430	3,154,430
1904	2,709,433.	17,044,603	21,334,522	3,000,000	3,300,000
1905	3,088,664	21,367,075	27,433,324	3,459,585	3,859,585
1906	....	....	....	....	....

TOTAL CAPITAL AND SURPLUS PROFITS.

[illegible]ber, 1902	$5,193,128.07
[illegible]903	$6,212,053.64
[illegible]	$6,413,284.65
[illegible]	$7,428,216.27
[illegible]	$8,460,108.50

[illegible]ORY.

[illegible]story of Its Earlier [illegible], by Professor Adam Shortt.

The Financial Post is indebted to the Journal of the Canadian Bankers' Association for the following narrative by Professor Shortt, being a portion of his "History of Canadian Currency."

"One of the most domestic and unobtrusive, but at the same time one of the most successful and businesslike of our Canadian banks, has been the Bank of Toronto. Since its origin in 1855, to which we have already referred, it has maintained a remarkably strong position. It has passed through several crises fatal to many prominent business houses, and to not a few banks, but though at such times, like other Canadian banks of the first quality, it has had its losses, yet its credit has never been impaired, and its stock has always ranked among the highest on the market. Though its business methods have been characterised from the first by caution, reserve and permanence of commercial relationship, yet it has exercised a marked influence in shaping the policy which is embodied in our present banking system. This was largely due to the confidence which the management of the bank inspired, and the fact that it had definite ideas on banking policy. The general manager from its beginning was Mr. George Hague, whose opinions on banking were expressed before several Parliamentary commissions, with that definiteness, yet moderation, which comes of the ability to realise the essential principles which are embodied in a mass of concrete experience. The result was, as we have seen, that the first general Bank Act for the Dominion, passed in 1871, embodied most of the reforms advocated by the representatives of the Bank of Toronto, first in 1859, and again in 1869.

The Bank of Toronto, both in its practice and in its principles, has stood for stability and safety and the avoidance of all tendencies to merely speculative business. At times of unusual prosperity it may have appeared to some as not sufficiently enterprising and expansive, but when the corresponding period of contraction set in it had the satisfaction of finding itself in a position of exceptional strength. Nor did it lose either in profits or in the value of its stocks from its conservative policy. During the sixties and seventies the Bank of Toronto ranked next to the Bank of Montreal, and occasionally ahead of it, in the value of stocks, and in times of distress and failure it afforded a standing proof that there were people in Western Canada who could really manage a bank, despite sceptical insinuations to the contrary emanating from Montreal.

Having secured a financial footing before the crisis of 1857, through which it passed with complete safety, and not being involved in the land and railway speculations which overwhelmed some of the older banks of Western Canada, the Bank of Toronto obtained a large part of the best business which was transferred from the Bank of Upper Canada and the Commercial Bank. Thus in 1868 we find that though its capital was only $800,000, its note circulation was $680,249, its deposits over $1,500,000 and its discounts nearly $2,500,000, these items representing the largest amounts in proportion to paid-up capital of any of the Canadian banks. In 1869 the Board of Directors obtained an amendment to the charter of the bank permitting an increase of the capital stock from $800,000 to $2,-nite time for the payment of the whole of the authorized capital, the act provided that after the capital was increased to $1,000,000, for which three years were allowed, it was to be left to the discretion of the shareholders to determine the calling in of the remaining million in such instalments and at such intervals as suited the convenience of the bank. The existing shareholders were to have the first opportunity to subscribe for the new capital, in proportion to their previous holdings, and any premium received on the stock was to be carried to the reserve fund.

In 1869 the directors of the bank, in imitation of the English joint-stock banks, adopted the method of printing and distributing to the shareholders, in advance of the annual meeting, a statement of the essential features of the annual report, that they might be in a position to intelligently take action on any matters brought before them. This example was soon followed by a number of other banks. Out of the profits of the year ending in June, 1869, the bank added $75,000 to the reserve fund, which now stood at $300,000, being 37 1-2 per cent. of the capital. Among other admirable features in the annual report of the bank's affairs was a separate statement, under liabilities, for rebate on interest on notes discounted, and also a separate statement, under assets of notes discounted and overdue.

At the annual meeting in 1870, it was resolved to increase the capital from $800,000 to 1,000,000. The additional stock was readily taken up by the shareholders. The note circulation, however, had so rapidly increased, that while in July, 1870, the capital of the bank was still $800,000, the note issue was $1,136,798. This was due to the very large business which the bank conducted upon a relatively small capital. As the circulation still outstripped the capital, and as the new Bank Act required the paid-up capital to be equal to the note issue, a special meeting of the shareholders was held on March 1, 1871, at which a further increase of capital, to the extent of $500,000, was resolved upon and allotted as before, to be paid in by the end of the year. At the time of the annual meeting in the following June, $465,000 of capital had been allotted, and $400,700 paid in, which brought the capital above the amount of note in circulation.

The premium on the new stock issued added $38,486 to the reserve fund of the bank. Nevertheless, the premium at which the new stock had been issued was so moderate, and the advance in bank stock at this time so great, that the bonus which the stareholders obtained on the new stock amounted to about sixty per cent. on their investment. The stock of the bank at that time stood at from 180 to 195, Bank of Montreal being 250 to 255, and the third on the list, the Canadian Bank of Commerce, at 141 to 146.

In 1871 in referring to the new general Bank Act, under which their charter along with others has been renewed, the directors congratulated the shareholders that, as finally passed, the Act embodied the views and principles for which they had long contended. The directors obtained power to issue the remaining $500,000 of capital stock, but did not avail themselves of it for a few years. The management of the bank attached so much importance to a large reserve fund that it was declared by the vice-president as the intention of the directors not to increase the dividend beyond eight per cent. until the reserve fund equaled at least fifty per cent. of the paid-up capital. The soundness of this policy was to be abundantly demonstrated during the subsequent period of depression, when the credit of so many Canadian banks was seriously impaired through the conjunction in rough weather of too much sail and too little ballast. This principle was also afterwards embodied in the general Bank Act.

Two years later, in 1873, we find that the bank has achieved its ideal as to a reserve fund. Its subscribed and paid-up capital was now $1,500,000, and it had accumulated a reserve fund of $785,000, being fifty-two per cent. of the capital, the largest percentage of any bank in the Dominion. Though the tide of prosperity was already on the turn, the business of the bank was still so profitable that it was able to add $75,000 to the reserve fund, and pay two half-yearly dividends of six per cent. each, a rate equaled only by the Bank of Montreal. These facts were reflected in the price of the bank's stock, which now stood at the top of the market, being quoted on the Toronto and Montreal exchanges at from 185 to 194, while the Bank of Montreal was 177½ to 178, the Bank of Commerce being next at 118½ to 119½.

On this occasion, as on several others during the period of prosperity which brought so many new banks into existence, the management took occasion to deprecate the excessive competition which had been introduced into the banking business in Canada, and which was being taken advantage of by speculative dealers to enter upon questionable ventures which were sure in the end to react upon the prosperity of the country and the stability of the banks. The management of the Bank of Toronto referred to the fact that they had steadily passed by "opportunities of earning high rates of interest on a certain class of transactions," and adhered strictly to meeting the legitimate requirements of customers.

Notwithstanding the increasing pinch of harder times during the following year, the business of the bank, being associated with the most stable interests of the country, namely its natural products, enabled it to maintain its prosperous returns. In addition to paying its half-yearly dividends of six per cent. it was enabled to add upwards of $100,000 to the reserve fund. At the urgent solicitation of the shareholders the directors recommended that the capital of the bank should be increased by the issue of the remaining $500,000 of the authorized capital. The large reserve fund, as they pointed out, would justify such a course. The new stock was, as usual, to be issued to the shareholders, pro rata, at the very moderate premium of five per cent. and to be paid in, one-half on December 1st, 1874, and the other on March 1st, 1875.

By 1876 the depression was already severe and had greatly affected the lumber trade of the country, which was one of the lines in which the Bank of Toronto was largely interested. The agricultural interest, however, the other great sphere of the bank's operations, continued in a fairly prosperous condition, but the mercantile interests were in a very demoralized state, and failures were unusually numerous. As a result the bank had inevitably suffered, even though not so severely as many others. Having provided for bad debts it was unable to add anything to the reserve fund.

It was announced at the annual meeting in 1876 that Mr. Hague, who had been cashier or general manager of the bank from the beginning, was about to retire. The first change in the directorate within three years also took place when Mr. James Appelbe took the place of Mr. Wm. Cantley.

During the next three years the wintry gales of adversity blew steadily over the continent. Even the strongest banks steered warily with reefed-sails, while round them on every hand business and financial craft of every description, including several of the weaker vessels among the banks, were being swamped, or floundered about in a crippled and water-logged condition, signalling for assistance, which it was seldom practicable to render. The severest effects of the depression, so far as the banks were concerned, were felt in the year ending June, 1879. On the one hand, business failures were very numerous, while, on the other, sound business was cut down to a minimum: hence while the income of the banks was diminished their losses were augmented. In the case of the Bank of Toronto, we find that owing to its losses through bad debts it had found it necessary to appropriate from the reserve fund $500,000, half of which was devoted to meeting bad and doubtful debts, while the remaining $250,000 was placed at the credit of the contingent fund to meet possible future losses. Thanks to the wisdom of its policy in more prosperous years, the bank still had a reserve fund of $500,000; its capital was unimpaired and its general business and credit in a perfectly sound condition. The annual dividend had been reduced from twelve to seven per cent. That its sound policy had enabled it to come safely through the prolonged depression, now almost at an end, was evidenced from the fact that it substantially held its relative position on the stock market. The following was the order in which the chief bank stocks stood in 1879: Bank of Montreal, 135 to 136; Dominion Bank, 109 to 111; Bank of Toronto, 108½; Bank of Commerce, 106½ to 107; all the other banks were somewhere below par. The Dominion Bank, which here takes second place, was a newcomer also modelled on the best lines.

Here Prof. Shortt's narrative ends. The story of the bank subsequent to 1880 is one of steady growth. In 1882 the bank restored its rest to $1,000,000. In the previous years it must be remembered that in addition to the reserve the bank had carried a very large contingent fund of $200,000 to provide for any possible difficulties. In less than twelve months they lost by death Presidents William Gooderham and James G. Worts, the former having been president since 1864, the latter vice-president since 1858. These two careful and honorable business men, standing for all that was conservative and upright in their own business and lives, had seen the bank grow into a powerful institution. Their mantle fell on the worthy shoulders of Mr. George Gooderham, the vacancies in the board being filled by Mr. W. H. Beatty, now president, and Mr. W. G. Gooderham, now vice-president. In 1883 while the dividend was increased to eight per cent. and a bonus of two per cent. added, this year there were only seven branches outside of Toronto, as follows: Montreal, Peterboro, Cobourg, Port Hope, Barrie, St. Catharines, Collingwood, showing, however, that it was not necessarily a multiplicity of branches that enables an institution to do a most satisfactory business. In 1888 London, Gananoque and Petrolia were added to the list of branches. The first named in particular has proved a markedly successful branch and has acquired a very exceptional business initiated by Mr. W. R. Wadsworth, the present Toronto manager, and continued to a high mark by his successor, Mr. John Pringle.

The personnel of the bank directorate and management during the half century shows remarkably few changes. The president, Mr. W. H. Beatty, who is a son-in-law of a former president, Mr. James G. Worts, has an intimate knowledge of the business of the bank, and adds to the analytical judgment which a legal equipment gives a sound commercial acumen. Mr. Duncan Coulson, the general manager, has completed his thirtieth year in that capacity. His commanding personality has been associated in various positions in the bank since 1857, and no better evidence of the excellence of his administration can be offered than the comparative figures of the bank's record given above. The assistant general manager, Mr. Joseph Henderson, combines with a ripe banking experience an acquaintance with the wider questions of finance and commerce which only a student's interest in these subjects can yield. The inspector is Mr. Thomas A. Bird; the manager of the Toronto office, Mr. W. R. Wadsworth, and of the Montreal office, Mr. Thomas F. How.

THE
ROYAL BANK
OF CANADA

INCORPORATED 1869

Capital paid up	$3,800,000
Reserve Fund	$4,300,000
Total Assets	$43,000,000

HEAD OFFICE - - - - MONTREAL

EDSON L. PEASE, General Manager

Seventy-five Branches in Canada
Eight Agencies in Cuba
St. John's, Newfoundland
New York City

BUSINESS ACCOUNTS CARRIED UPON FAVORABLE TERMS
SAVINGS DEPARTMENTS AT ALL BRANCHES
CORRESPONDENCE SOLICITED

ÆMILIUS JARVIS C. E. A. GOLDMAN

BONDS

ÆMILIUS JARVIS & CO.

Members Toronto Stock Exchange

INVESTMENTS

McKINNON BLDG. TORONTO

City of Montreal
4% Stock——Due 1925
Price to yield about 4 per cent.
Royal Securities Corporation, Limited
170 St. James Street A. J. NESBITT, Manager

THE GREAT COMPANY

(Continued from page 1.)

the whole of Prince Rupert's Land, and they had an exclusive license for ten years for the whole Indian territory to the Pacific Coast, including Vancouver's Island. No wonder the shares reached £250. They paid during this time never less than ten per cent, and sometimes as high as twenty per cent. From 1852 to 1862, their profits averaged £81,000 per annum. In 1856, for example, their sales were about £500,000, of which £80,000 were from buffalo robes alone, selling at £2 10s. each.

The Passing of the Buffalo.

It is not to be wondered at that all we have left of the buffalo is in an occasional Zoo., and his only reminiscence in the West, the wallow dent in the rich soil of the prairie. In one year the Company's servants, allowing losses of skins, must have killed 50,000 animals for buffalo robes alone. How many for coats and other articles does not appear. The Crimean War had caused the boom in buffalo, because the skins were found excellent sleeping blankets for the British soldiers in the rigorous Winter of the Black Sea Peninsula. This slaughter of the buffalo was slight compared to that which occured subsequent to 1859, when the Company's exclusive license expired. Hundreds of thousands of skins were sent down the Mississippi every year, and by the early seventies, old fur traders will relate that this trade had reached into millions. The Indians were very fond of buffalo tongues, and many animals are said to have been slaughtered by the red man who would cut out the tongue and leave the animal, hide and all, on the prairie.

Toronto Interferes.

Naturally there arose a strong feeling in Eastern Canada as to how much of the continent this lordly Company, whose notes and coinage were taken all over the northern continent when the 'shin plasters' of banks in the United States and Canada were refused, really owned. In 1857 the Toronto Board of Trade petitioned the Legislative Council of Canada to take action against any renewal of an exclusive license, and the feeling becoming stronger, shares went down from 250 to 200.

The Old Company Bought Out.

It was then that Mr. (afterwards Sir) Edward Watkins, the promoter of the Grand Trunk Railway, formed the International Finance Association to buy out the old Company, on the basis of £300 a share, and this was accomplished in 1863, when the Hudson Bay Company was reconstructed on its modern basis of capitalization of 100,000 shares of £20 each, of which £1,500,000 pounds was paid to the shareholders of the old Company. Of this £2,000,000, there were £1,930,000 offered to the public in a prospectus which showed that the Company, on its new capital, could earn at least 4 per cent., and had these possessions: 1. Assets, £1,023,569. 2. Territory, 1,400,000 square miles. 3. Cash, £370,000.

BANK OF COMMERCE

FEATURES OF THE ANNUAL STATEMENT.

A Remarkable Showing in Increases of Profits, Deposits and Assets.

The salient features of the Bank of Commerce annual statement are:—

The dividends are now on a basis of 8 per cent. and will be paid quarterly.

The net profits were $1,741,125, as against $1,376,167 last year, an increase of 27.18 per cent.

The deposits are $87,152,536, compared with $74,373,490 in 1905, an increase of 17.18 per cent.

The assets advanced to $113,545,960, in 1906, from $98,375,597, in 1905.

A statement of the Bank's method of financing its buildings.

The retirement of Hon. Senator Cox from the Presidency, and the appointment of Mr. B. E. Walker to that post, who is succeeded in the General Managership by Mr. Alex. Laird.

The increase in deposits and assets are most striking. A comparison with Canada's oldest institution, the Bank of Montreal, can be made with much interest, not out of any spirit of emulation, but because the Bank of Montreal has always stood as a standard of measurement. The Bank of Montreal's increase in deposits for 1906 over 1905, was $10,758,238; the Bank of Commerce's improvement was $12,749,046, which, in itself, is remarkable. The President of the Bank of Montreal freely admits that the increase in deposits was largely due to the taking over of the Ontario Bank. During the year the Bank of Commerce took over the Merchants of Prince Edward Island, which was responsible for only an increase of $1,000,000 in deposits, so that the showing of the Bank of Commerce under this head becomes all the more significant.

The total assets show a similar development and a comparison is equally as favorable.

The retirement of Senator Cox, after twenty-one years of service on the Board of the Bank, marks the departure from the more active administration of business of a highly constructive financial force. Senator Cox as a financier has an enviable record of being one who never shirked his responsibilities, never forsook his colleagues, and who has always made it a point to take care of the interests of the smaller investors in his undertakings as if they were not merely his partners, but his comrades. His point of view has been eminently generous and fair.

A great institution demands a great head, and in the turn of affairs it was natural that there should succeed to the headship the executive genius which has been so largely instrumental in enlarging the borders and sphere of the Canadian Bank of Commerce, until it has become a financial power, not merely in its own land, but an influential entity in the banking business of New

BANK OF HAMILTON

BOARD OF DIRECTORS

HON. WILLIAM GIBSON, President. JOHN PROCTOR. GEORGE RUTHERFORD
HON. JOHN S. HENDRIE. CHARLES C. DALTON. CYRUS A. BIRGE.
J. TURNBULL, Vice-President and General Manager.
H. M. WATSON, Assistant General Manager and Superintendent of Branches.

HEAD OFFICE, HAMILTON, ONT.

CAPITAL, $2,500,000; RESERVE FUND, $2,500,000; TOTAL ASSETS, $32,000,000

LIST OF BRANCHES:

ONTARIO: Atwood, Alton, Ancaster, Beamsville, Berlin, Blyth, Brantford, Brantford, East End, Chesley, Delhi, Dundalk, Dundas, Dunnville, Ethel, Fordwich, Georgetown, Gorrie, Grimsby, Hagersville, HAMILTON— Head Office, Barton St. Branch, East End Branch, West End Branch, Deering Branch, Cor. Barton and Sherman, Jarvis, Listowel, Lucknow, Midland, Milton, Mitchell, Moorefield, New Hamburg, Neustadt, Niagara Falls, Niagara Falls South, Orangeville, Owen Sound, Palmerston, Port Elgin, Port Rowan, Princeton, Ripley, Simcoe, Southampton, Teeswater, TORONTO— 34 Yonge St, Queen and Spadina Ave., College and Ossington Ave., Yonge and Gould, Toronto Junction, Wingham, Wroxeter, Milverton, Selkirk

MANITOBA: Bradwardine, Brandon, Carberry, Carman, Elm Creek, Gladstone, Hamiota, Holmfield, Kenton, Killarney, La Riviere, Mather, Manitou, Miami, Minnedosa, Morden, Pilot Mound, Roland, Snowflake, Stonewall, Swan Lake, Winkler, Winnipeg, Man., " Grain Exchange Branch

SASKATCHEWAN: Abernethy, Battleford, Caron, Francis, Indian Head, Melfort, Moose Jaw, Mortlach, Saskatoon, Wyman, Carievale

BRITISH COLUMBIA: Fernie, Kamloops, Vancouver, " Cedar Cove Branch, Salmon Arm

ALBERTA: Edmonton, Nanton

Correspondents in United States: New York—Fourth National Bank and Hanover National Bank. Boston—International Trust Co. Buffalo—Marine National Bank. Detroit—Old Detroit National Bank. Chicago—Continental National Bank and First National Bank. Kansas City—National Bank of Commerce. Philadelphia—Merchants National Bank San Francisco—Crocker-Woolworth National Bank. St. Louis—Third National Bank.

Correspondents in Great Britain: National Provincial Bank of England (Limited).

York, London, San Francisco, New Orleans, and Oregon. The amalgamation of an institution like the Bank of British Columbia, was one of the most fructifying achievements of Canadian bank expansion.

The new General Manager, Mr. Alexander Laird, has had a most extensive banking experience. Born in Scotland, passing his boyhood days in Canada, he returned to Scotland and spent a year in the service of the North of Scotland Bank. He then came out to the Bank of Commerce, and was subsequently agent at Chicago, and then at New York. Thus Mr. Laird has seen banking in Scotland, Canada and the United States. His methods are marked by an ease which is the result of an absolute mastery of his profession, and an unerring knowledge.

In connection with financial statements of institutions, it may be stated in this first issue of The Post, that while the actual annual reports are paid for as advertising, any comments proceed from the editorial staff, and without reference to the advertisers.

SNOWSHOES IN WINNIPEG

THE SNOWFALL AND ITS COST ARE EXTREMELY HEAVY.

Greatest in Ten Years—The C.P.R. and C.N.R.'s Bills—The Great Railway Activity in the West—Six Thousand Miles Construction Completed—C.P.R.'s Expenditure on Winnipeg—C.N.R.'s Achievements.

Winnipeg, Jan. 7.—The heavy snowfall on New Year's night and all the following day throughout Manitoba and the Northwest has taxed the railroads to their utmost, and added very greatly to suffering caused by the fuel famine. It is almost impossible to get cars for either the transportation of fuel or grain.

The first heavy snowfall of this season came in the middle of December, when 8 inches of snow fell in 48 hours.

The weather was entirely responsible for the reduction in the earnings of C.P.R. for the week ending Dec. 14. This snowfall in December, the C.P.R. officials state, cost $250,000. The Winnipeg Street Railway state that $1,000 is about the figure it spent to have the snow cleared from their tracks.

General Manager E. A. James, of the Canadian Northern, says that the cost of operating his road this winter has been enormous. The men working at shovels and snowplows are paid $8,000 a day, while the cost of operating the snowplows makes the total about 12,000.

Railway Activities.

The past year has been a record-breaker in railway expansion in Western Canada. The advent of the Grand Trunk Pacific into the Canadian West has caused the other railways to increase their lines and equipment and to acquire new territory in anticipation of a gigantic rival.

The ever increasing acreage of land under cultivation has overtaxed the capacity of the railroads to supply cars sufficient to meet the demands made upon them.

At the present time there are about 6,000 miles of railroads under construction, or necessary prospective construction, in Western Canada, divided as follows:—

Canada Pacific	1,270 miles
Canadian Northern	1,567 miles
Grand Trunk Pacific	1,900 miles
Hill roads	1,000 miles

The Canadian Pacific Railway has now one of the finest terminals on the continent, at Winnipeg, in its magnificent station and hotel, its 120 miles of yards and its new car shops and freight sheds. The company's expenditures at Winnipeg alone in year ending 30th June last, were:—

Hotel and depot	$1,387,982
Repair shops	1,304,222
Terminals	1,559,538
Total	$4,251,742

The double tracking of the C.P.R. from Fort William to Winnipeg is being pushed rapidly, more than 100 miles have been turned over to the operating department, and 38 miles of track have been laid on the cut off from Molson to St. Boniface. This cut off will shorten the distance between these points by 5 or 6 miles. Other cut offs are being planned along the whole route and the distance of 400 miles from Fort William to Winnipeg will be considerably reduced. The percentage of grades is also being reduced and the curves widened.

The purchase of old Qu'Appelle, Long Lake and Saskatchewan Railway by the Canadian Northern necessitates the C.P.R. building into Prince Albert. The C.P.R. are completing the Kirkella branch from Strassburg to Saskatoon, and this will be connected with a line under construction from Saskatoon 100 miles westward. This line will probably be connected with Prince Albert in the near future.

The Canadian Northern Railway are awaiting the arrival of the Grand Trunk Pacific before starting their Winnipeg terminals. These two roads will built joint terminals at Winnipeg which will cost in the neighborhood of $3,000,000.

The C.N.R.'s crowning achievement was the purchase of the Qu'Appelle, Long Lake and Saskatchewan Railway by the Canadian Northern, which gives them a direct line from Regina to Prince Albert. The Canadian Pacific had operated this line under a lease from the Qu'Appelle, Long Lake and Saskatchewan Railway, but when the road was offered them for sale, they kept procrastinating. Then the feverish enterprise of the Canadian Northern, robbed them in a single hour of 250 miles of railroad, which the Canadian Pacific had looked upon as their own for years.

The Canadian Northern are now constructing a line from Virden to Regina to connect with their Prince Albert line. A line from Edmonton, northerly to Athabasca Landing, and one westerly towards the Pembina River are under construction.

100 miles of the Hudson's Bay section from Etoimami to the Pass is being constructed. The extension of the Canadian Northern in this direction will be watched with keen interest, for it places in the range of probability an outlet for western grain by way of Hudson's Bay.

The Grand Trunk Pacific has 1,000 miles under construction on the prairie. Only a short milage of the steel has yet been laid, and a large percentage of grading is still to be done. The estimated cost of the prairie section is from $20,000 to $25,000 per mile. Tenders for 70,000 tons of steel have been placed for immediate delivery. Vast stores of material are placed at Portage la Prairie, and the construction is being rushed as rapidly as possible. It looks as though the Grand Trunk Pacific may yet assist in moving the grain crop of 1907.

THE
CROWN BANK OF CANADA

Authorized Capital - $2,000,000

EDWARD CURNEY, President — G. de C. O'GRADY, General Manager

The management of this bank are always willing to give full information in regard to the facilities they have to offer, and persons desiring this information may correspond with or interview them at the

HEAD OFFICE
34 KING STREET WEST, TORONTO

$100,000
City of Toronto
3½% Debentures Due 1st July, 1911
Confirmed by Special Act of Parliament
Interest payable half yearly, 1st January and July
Price rate to yield 4.20%
(97.10 and Interest).
Delivery free at purchaser's local bank.
WOOD, GUNDY & COMPANY
TORONTO - CANADA

(Official Statement).

Results of the Investigation of the Sun Life of Canada

The Severe Probing But Revealed Greater Strength—3,000,000 Better Off Than Claimed to be—Investments Absolutely Secure and Highly Profitable—Mr. Kent's Remarks.

Supplement to Sunshine, December, 1906.

Now that the chaff of trifling details has blown away, the management of the Sun Life Assurance Co. of Canada desire to draw attention to the really important facts which the investigation by the Royal Commission has brought out.

Large Profits on Investments.

The most striking feature of the evidence was unquestionably the immensely profitable character of the investments. During the past few years the Company has realized a net profit after deducting all losses, not only of principal, but of interest, and after liberally writing down any securities at all doubtful, of over $1,000,000 in hard cash. In addition, the present market value of the securities still owned, is about $1,050,000 in excess of their ledger value. Still further, the Company has a contingent fund, consisting chiefly of stocks obtained in years gone by as bonuses in connection with bond purchases, which though held in the Company's books at a nominal value of $1 for each block have an approximate value of $3,050,000, and that value is increasing steadily. The Company's policy is to hold these securities as a contingent fund, and to only include them in the published list as each block becomes interest bearing, or is sold. In the meantime policyholders have the advantage of the immense additional security thus provided, and may also reasonably expect to have their profits much increased from this source in years to come.

Safety the First Consideration.

Although the Company has thus made enormous profits, these profits have not been made from speculative securities. The Company carefully avoids such. The profits are the result of a policy of not waiting for investments to come to the Company but of deliberately looking around and selecting those that are safest and best, and then making use of the Company's ability to purchase large blocks (its assets are now $24,000,000) to obtain inside terms, thus cutting out the middle men. Absolute safety is always the first consideration, and profit is essentially secondary. Actual illustrations, are, however, more convincing than general statements, and as some attention was given to our investments in the Illinois Traction Company, these may be taken as examples.

Illinois Traction Company.

The first investment of the Company in Illinois Traction securities was the purchase of two-thirds of the bonds of the Danville, Urbana & Champaign Railway. These were secured by first mortgage on a new interurban line connecting Danville with the twin cities of Urbana and Champaign, and by a further lien on the public utilities of the three cities, comprising the street railways, electric light and gas plants of each. Were these bonds absolutely safe? The audited net earnings for the previous year of the properties by which they were secured, after deducting every charge of every kind that would rank ahead of the interest on the new bonds, was $136,700. The total interest charge of the new bonds, including amount required to complete the interurban, was $54,000. The existing net earnings were, therefore, already more than two and a half times the interest charge upon the new bonds. This was without any addition from natural increase, or from the new line. The replacement value of the property was, moreover, estimated at $1,500,000 in excess of all bonds. Was there any risk in making such a purchase? Although no increase in earnings was needed to make the bonds abundantly safe, the new interurban line has in reality proved highly profitable, and the earnings of the city properties have also steadily increased, so that the surplus, which was two and a half times the interest charge when the bonds were purchased, is now about $370,000, or seven times the interest charge. The bonds were shortly afterwards sold at an advance in price, without any stock bonus, to an American banking firm, who in turn retailed them at a still higher price to the public, among the purchasers being two of the largest and best American insurance companies, which each took a block of $100,000. The security for these bonds is absolute. Better cannot be obtained. Did the fact that the Sun Life of Canada made a bargain by which it obtained some bonus stock which would ordinarily have gone to other parties, in any way lessen that security?

Decatur Railway and Light Company.

The second purchase of Illinois Traction securities consisted of the bonds of the Decatur Railway & Light Company, which carried a mortgage upon the street railway, electric light and gas properties of the city of Decatur. The audited available net earnings of these properties, without any addition for normal increase or earnings on new property, were over $62,000, to cover an interest charge of $30,000 on the new bonds, or more than $2 for each $1 required. In addition, there was the guarantee of the Illinois Traction Co., whose surplus earnings from other properties already amounted to $130,000, or a further guarantee equal to the entire interest charge, making, with the Decatur earnings, six times the entire interest charge on the new bonds. Where can safer or better bonds be obtained? Was there anything speculative about them? These, too, have since all been sold at an advance in price, the Sun Life of Canada retaining the stock bonus.

Illinois Central Traction Company.

This was the third purchase. These bonds were secured by first mortgage upon a new interurban line between Decatur and Springfield, the capital of the state. Connecting two such cities, the success of the line was assured from the start. The bonds were, however, also guaranteed by the Illinois Traction Co., which then had a surplus of $162,000, available from its other properties for the payment of this interest. As the entire interest charge upon the new road when finished would be only $65,000, the interest was already assured two and a half times over, even if the new line earned nothing. It did, however, earn its own entire interest charges in the first eight months of its first year of complete operation, so that instead of having to call upon the guarantee of the parent company, it earned a surplus of fifty per cent. These bonds, too, were all purchased shortly afterwards by a firm of bankers at an advance in price, without any stock bonus.

Further illustrations could be given, but these cases, which were specially investigated, are enough to show the very high quality of the bonds in which the Sun Life of Canada has invested.

The value of the guarantee of the Illinois Traction Co. to any bond may be judged from the fact that its annual gross revenue now exceeds $3,000,000, and that it has a surplus of $700,000 above the total interest charges upon all the bonds of the system. After paying six per cent. dividends upon its preferred stock, it is earning nine per cent. upon its common stock, that nine per cent., however, not being paid in cash, but being used for extensions and other capital expenditure, which increase the value of the property. There are over seven hundred shareholders, and the market value of the preferred and common stocks is about $7,000,000. While the first issue of this preferred stock had some water in it, large amounts have since been issued at 87½ and 95 for cash, so that about $1,000,000 of actual hard cash has been paid in upon the preferred stock, and about $1,200,000 more of value has been put into it in the form of surplus earnings used for extensions. The stock, therefore, has a very [illegible] cash basis. The franchises [illegible] favorable, and are perpetual for more than two-thirds of the mileage.

The question was asked how long it would take to dispose of the Illinois Traction securities. The Company's entire holdings could easily be disposed of at a handsome profit within two days. Any person, however, who observes the phenomenal growth of the earnings must realize that the common stock at least will not attain its full value for years, and to sell now would merely be to divert into the pockets of brokers immense amounts which would otherwise go to the policyholders.

Benefit to Policy-Holders.

The large profits have enabled the Company to forestall the requirements of the law and at once place the reserves upon all its policies upon a 3½ per cent. basis, a step calling for about $1,200,000. Even by this severe standard it had at 31st December last a surplus over all liabilities and capital stock of $1,735,698.59. This sum has since been largely increased. This does not include the contingent fund of over $3,000,000. The Company has also been enabled to increase the rate of profit paid to policyholders year after year, and expects to still further increase it.

Writing Down Securities.

The Company has been criticized for writing down its securities before losses actually happened, simply because it feared that loss might perhaps arise. The management claim, however, that this is the only proper course, and that any other would be highly objectionable. If the manager of a bank or loan company were to refrain from writing down securities, merely because losses had not yet actually materialized, he would be condemned as issuing misleading statements. The management consider that they deserve credit instead of censure for the course they took. As regards the so-called writing-up, the facts are merely that when some large blocks of Illinois Traction preferred and other securities were sufficiently ripe to be transferred from the contingent account to the active list, the management had to face the question whether the entire value of these stocks should be added to the surplus, or whether they should be used, in part, to write down other securities not quite so good. It was decided to substitute these new securities in part for some others, that while not bad, were not entirely satisfactory. Had this not been done, the nominal surplus of the Company would have been increased by about $300,000. In the opinion of the management this course was conservative and proper.

Incidentally, most of the securities then written down have since so improved that comparatively little loss is now expected. The actual losses incurred by the Company have in fact been very trifling when compared with the profits, thus affording a further testimony to the high quality of the securities.

Directors Have Not Profited.

No diector has ever obtained any financial profit or advantage of any kind out of the Company, by means of sales, loans, or any such arrangement of any kind whatever, directly or indirectly. The charter prohibits directors and officers from borrowing from the Company, and this has been literally lived up to. Directors have been permitted to purchase securities for themselves on precisely the same terms as they were purchasing them for the Company, but that did not injure the policyholders, and it is even desirable that directors should show their faith in the investments into which they put the Company's money by taking some of the same for themselves. When this has been done, however, they have paid for such investments absolutely with their own money, and the Company has not assisted them in financing in any way.

Estimates and [illegible].

Over 700 deferred profit policies have matured, and in thirty-four per cent. of the cases the amount originally estimated as likely to be received at the end of the term, has been realized or exceeded. On all the cases combined the average amount paid has been about ninety-seven per cent. of the estimate. The management may be pardoned for being proud of this record. The estimates now in use are lower than the former ones, and premiums are higher, so that present estimates should certainly be realized. Statements were [illegible] showing that $[illegible] is on hand for [illegible] $100 required to pay the amounts [illegible] for by the present estimates for [illegible] deferred profit policy on the books.

Stockholders.

The directors have reduced the proportion of profits accruing to shareholders from 20 per cent. which was the original ratio, and is still usual with British Companies, to only 5 per cent. When the capital was increased, in 1897, the new stock was issued at 300 per cent. of the paid-up value, and the dividends of 15 per cent. which have since been paid, therefore, yield the stockholders only 5 per cent. upon the amount paid into the Company. As the money earned more than 5 per cent. this new capital has cost the policyholders nothing.

Commissioner Kent's Appreciation.

The management gratefully acknowledges Mr. Kent's appreciative remarks at the closing session, in which he stated in connection with his suggestion that voting power might be given to policyholders that "it seems to me that "in the conduct of the Sun Life business there is nothing to be desired as "far as the present generation is concerned. If you were immortal I would "not say anything further about it. If, "by sound judgment, hard work and just "discrimination, you have put the Sun "Life on the pinnacle of a successful "Company, another management with "other attributes might just as easily "squander it. . . . . . The directors have done their duty nobly; there "is no complaint to be made against "them, or any one of them. Who can "say whether the future management "will continue the present high standard of your Company."

While the directors and management deeply regret that they do not see the question of voting by policyholders in the same light as Mr. Kent, nevertheless such remarks, coming from one of the Commissioners, are intensely appreciated.

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THE NOVA SCOTIA AUDIT.

How it Has Been Conducted—Mr. McLeod Follows Precept With Practice.

Whatever may be the final outcome of the discussion in regard to independent inspection or exterior audit of Canadian banks, it is an interesting fact that the first audit of the head office of a bank in Canada has been completed this week. Two chartered accountants of Edinburgh, Messrs. J. Maxtone Graham and R. Huie, who have had in their respective firms considerable experience in Great Britain of bank audits, have for thelpast three weeks been engaged on an examination of the books and of the securities of the Bank of Nova Scotia. During their audit they have checked the cash and securities at the principal offices of the bank, namely, at Halifax, Toronto, Montreal and St. John. Men of experience, generally governmental banking officials, have been engaged to check the cash and securities of the bank at Boston, Chicago and Kingston, Jamaica, following the practice that obtains in Great Britain in cases where the auditors cannot visit all the offices of the bank where securities are lodged.

This audit is one of the features of the firm position taken by Mr. H. C. McLeod, general manager of the bank, on the subject of an independent inspection of all chartered banks, which he urges as of vital importance to the financial interests of the country. He argues that an audit of this kind is quite practicable, impossible of injury to a sound bank, and that as depositors and shareholders are protected in this way, in countries having over seventy per cent. of the banking power of the world, independent inspection should be enforced by the Government or by the Canadian Bankers' Association.

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THE SECURITY REVIEW

STATE OF THE MARKET DURING THE WEEK.

The Country's Prosperity Represses Stock—Money Too Scarce—Notes on Numerous Stocks—The Position of Bank Stocks.

"The stock market has been going to the devil with the country's prosperity," is the manner in which a Canadian financier expressed to the Post his opinion of the situation. There never was a time when Canadian securities offered a safer and more favorable basis to the investor, and there never was a time when the margin operator has been more mystified. In spite of many statements by writers to the contrary the year 1906 was not marked by any undue speculation. Speaking generally, especially as regards Wall St., the year opened with a great outburst of speculation which the high money rates quickly quelled. The transactions on the New York Stock Exchange were greater than in any previous year, but relatively smaller in view of the greater potentialities. Two million shares a day can be taken care of today as easily as one million shares five years ago.

It is pretty well settled that the demand for money in commercial and industrial operations will not abate for the present. The money market from the Stock Exchange viewpoint is, however, for the time being in a much more favorable situation than last January when call rates were much higher. There is this difference in the prospect: Last year there was the hope that money would be easier; this year there is the belief that any considerable ease cannot be expected. Thus the market is on a better basis.

The theorists are considering the crisis question. Are we approaching a universal climax to be followed by years of depression? In the abstract the year of crisis is not due till 1913. There are many earmarks in evidence at present indicating a crisis approach. But for the nonce there is no sign in the stock market. Prices in America and Canadian stocks are low. Speculation is not rife. It is even a question whether a commercial depression bringing more money to the exchanges would not witness an unusual paradox, of quotations benefiting thereby. It is difficult to be otherwise than optimistic on Canadian stocks. They are subject, of course, to the universal currents, and Canada is financially a dependent country.

One is inclined to believe that from the market viewpoint things cannot be much worse and for the present there is room for appreciation.

The Financial Post proposes each week to give in these columns as much reliable information as can be obtained on stocks quoted on the Canadian exchanges.

Canadian Pacific.

London controls the market in Canada's prime security. A glance at the first page of this issue will show what is the English and American opinion of the value. In spite of the terrible contango rates in London, the stock has held remarkably well over each settlement. Against bad weather in the West the earnings have been good, but in the next few weeks are likely to slow decreases. Fresh optimisms can be urged each week. One week it is the ore development on the North Shore of Lake Superior and largely increased traffic from this source. Another week it is the large amount of grain yet to be carried from the elevators of the West. The British Columbia lands that were taken over with the Columbia and Western Railway are likely to prove most opulent in timber and mineral. The increasing surplus from Northwest land sales must come in for distribution. The administration is alive to all the newest developments in economic operation and is experimenting in electric power for locomotives. The future possibility of this lies in the Rockies, where instead of a long and heavy up and down grade haul of coal tonnage for fuel, the mountain streams beside the line will furnish locomotive power at a minimum cost of operation. In England and in Canada C.P.R. is looked upon as safe as a savings bank with the rate a little better and the prospect most attractive. So far these electrical experiments of the C.P.R. are said not to be satisfactory but doubtless the difficulties will be overcome. The New York Central began in December running its electric locomotives between Grand Central Station and High Bridge

The Mackays.

Mackay common has been an active feature during the past week. The earnings of the company are undoubtedly on the increase and are capable of producing further dividend results.

The Commercial Cable Company of Cuba is the latest working addition to its subsidiaries. Commercial Cable which used to be a favorite stock on Canadian exchanges is the chief underlying company. In a circular issued by Osler & Hammond in June last this statement was made:—"We are advised on the best authority that if each year the entire profits of the Commercial Cable Company and its land line system were paid to the Mackay companies as might legally be done, and if the Mackay companies used all these profits together with its income from other sources for the payment of dividends the amount would be sufficient to largely increase the present dividend on the common stock." While no immediate action on the dividend may be contemplated an increase cannot be very remote. The common stock outstanding is $41,380,400 which is now on a dividend basis of four per cent.

Twin City.

The belief is expressed in several quarters that the dividend might have been raised to a 6 per cent. basis, but the tax question and the basis on which the company taxes shall be levied has been instrumental in postponing dividend increase to further consideration. As in other cities, a three cent rate in the twin cities of St. Paul and Minneapolis has been agitated. It is said that the controlling interests are unalterably opposed to this proposal and regard their position as impregnable. In one city the franchise is practically perpetual, in the other no franchise of the company will expire in less than forty years. With earnings improving as they are, and with one of the best traction propositions in America, this is a stock that can be recommended for investment.

Toronto Railway Company.

In the face of continual increases in earnings, the fact that the franchise has but fourteen years and seven months to run may be urged against the investment side. On this point a remark of the President, Mr. William Mackenzie to the writer is interesting. He is of the belief that the net earnings will have so largely increased in the coming years that the common stock can be paid off out of the earnings of the last six years and prior to that time the bonds, by the annual redemption and the six per cent. debentures, will have been wiped out. The company will then possess the Toronto and York Radial Railway System, which is growing in importance and earning power every year, and which will be a very valuable factor in securing, or as an asset relating to any disposition of the Toronto Railway Company. Whatever may be the outcome of the franchise question, the Radial Company will by reason of the city's growth figure very largely.

Dominion Steel.

Two of the most important announcements of the week were in regard to Dominion Steel. The securing by the company of its own coal areas through the purchase of the Lingan coal lands is a most sensible procedure. The cost of the property and of the installation of plants will be financed by the formation of a subsidiary company. The statement of claim against the Dominion Coal Company has been filed. The total claim is $15,468,580, of which $400,000 is for damages to ovens and for loss of profits up to Nov. 30th, $68,580 for additional amounts paid for coal to outside vendors up to that time and $15,000,000 as the damages to be assessed for breach of the ninety-year contract. In the alternative the court is asked to declare that the contract between the two companies is still in force and is to be carried out.

The Banks.

All the Canadian banks have had a most prosperous year with the one exception which is now defunct, and which cannot alter the general position. A bank stock in Canada from the present market basis must be necessarily attractive. If money rates continue high, the net earnings will improve. If money rates go down, the stock exchange prices will appreciate. A reading of the annual reports in the columns of this newspaper should be gratifying to any existing or prospective shareholder.

St. Lawrence & Chicago Navigation.

The recent increase of capital from $563,300 to $751,000 has brought this conservative issue into activity recently. The money is required for a new boat to be ready for next season's traffic. The new stock is 1,877 shares, one for every three of old stock, and is issued at par payable in four equal instalments on Jan. 2, March 1, May 1, and July 2, 1907. This company is most conservatively administered by men who have had a life-long experience of the business. In 1902 it gave a dividend of 26 2-3 per cent. to shareholders, last year ten per cent. For the past year the financial report shows earnings of $117,400, as compared with $130,950 in 1905, the decrease being due to the falling off of deliveries in grain at Fort William, causing a decided drop in freights in the late autumn. The company continues its dividend of ten per cent and carries forward $55,999, making a total at credit on that account of $115,996. The stock is now quoted at 125 ex. allotment and ex- dividend which thus yields eight per cent., a very favorable showing in comparison with other navigation companies. The boats are all comparatively new and in good condition, and as the grain carrying trade to which they are devoted is bound to increase, the shares offer a very attractive investment. The cost of management is remarkably low.

MONTREAL MARKET

EVERY CONDITION SATISFACTORY EXCEPT QUOTATIONS.

A Spirit of Pessimism Pervading—Contrast Between Prices and Prosperity—Notes on Leading Issues

This paper's birth marks probably the most extraordinary period on record in the annals of the Canadian Stock Markets, and especially so from a purely Montreal view point. It is such by reason of the fact that it combines at once a time of the most widespread optimism, and also of complete pessimism.

Such prosperity—general and individual—as has come to Canada during the last two years, has been outside of the widest expectations of the nation's people, and has been sufficient to attract the active attention of the world to a small country of six and one-half millions of population. The evidence of this is on every side: the clearing house returns, with enormous increases; bank deposits, which in five years have almost doubled, and a condition of almost uniform solidity, and steadily advancing prosperity among those institutions that compose our conservative banking system; Government trade returns; record immigration of the highest class of individuals, bringing into the country a large cash capital; rapid and unceasing growth of Montreal, Toronto, Winnipeg and other large cities, with their almost daily upspringing of new manufactures and great increases in values of central real estate; railway earnings; railway construction already completed; but, by far the most important of all, the projected addition of 5,000 mileage at the instance of four great transcontinental lines, controlled and directed by men, who have, in the past dozen years with almost unerring foresight, foreseen and provided for the great expansion of this continent. Up to date, there is no break in the brilliant prospect.

A glance at stock prices presents to the mind a remarkable contrast. In the very midst of unexampled prosperity, we have had, for some months, either very unsatisfactory or steadily declining prices—in the aggregate—constituting one of the most perpendicular and demoralizing breaks that the Canadian stock markets have ever experienced.

Is the reason for this state of affairs to be found in the actual condition of the corporations whose stocks have been affected? Most emphatically, in no case do the facts support this view. Look at the record of some of these.

Cotton Companies:

Now for the most part combined in a great trust, as the Dominion Textile Co., practically controlling the cotton trade, and, by reason of efficient and wise management, sufficient capital and the introduction of all the economies and methods possible to a powerful combination, assuring to the holders of such securities a permanent income return. Contrast with this, twenty years chequered record of the individual cotton companies of Canada.

Iron and Steel and Coal:

While none of the companies have wholly overcome the almost insurmountable difficulties to be met with in establishing a great iron and steel industry in a new country, there is no such uncertainty surrounding the future as there was three years ago in the case of the Dominion Iron and Steel Co., the Nova Scotia Steel Co., and the Lake Superior Consolidated Co. As to the Dominion Coal Co., its increased production from 900,000 tons in 1895 to 3,400,000 tons in 1906 is eloquent of the times.

Other Industrials:

The great milling companies, Ogilvie and Lake of the Woods, with their present and future more or less synonymous with the growth of our Northwest. The steadily growing pulp industry, of which the Laurentide Pulp Co. is a shining example. The constantly growing Montreal Steel Works, the Montreal Rolling Mills, the Dominion Bridge Co., and countless other growing and prosperous concerns.

Tractions:

Prominent among which stands Montreal Street with its daily increases of $1,000 in gross earnings. This company now controls all the traction roads on the Island of Montreal, having within four years acquired the two rival suburban lines, just at a time when the expansion of the city made it certain that these lines would become splendid paying concerns. The Toronto Railway, with gross earnings now actually as large as Montreal Street, and having a complete monopoly of the lines in and about the city. The U.S. tractions, such as Twin City and Detroit, with constantly growing earnings in progressive and permanently established cities.

Montreal Power:

The largest and most complete trust in Canada, being a combination of practically all the lighting and power companies in and about the Island of Montreal, with competition reduced to a minimum and controlling many water powers, the waters of three of which are now supplying cheaply produced power to the City of Montreal. Although this company's methods have been widely censured from the consumers' viewpoint, the shareholders could not possibly find fault with results.

Richelieu:

With its wharf properties constantly increasing in value, with its palatial new steamers and the balance of its fleet properly maintained, with its modern hotels and having undisputed possession of the great St. Lawrence route, with its growing popularity, and, last but not least, the fact that the company is once more established on a dividend basis. The company's prospects must be bright indeed to warrant the contemplated additions to the fleet, of which particulars have appeared in the last few days.

If there are permanently unfavorable features, they are not apparent either in general conditions or within the leading corporations. Nevertheless, since the Ontario Bank smash of October 12th, there has been a general decline of from 8 per cent. to 60 per cent. in leading stocks, many of which at present prices yield a much higher income return than can be usually relied on in first-class investments. In addition the feeling of pessimism on the surface is so intense that the ordinary man on the street can see no good in anything pertaining to stocks—a condition of mind which is generally existent just prior to a complete reversal of sentiment.

THE BOND SITUATION

MR. E. R. WOOD REVIEWS CONDITIONS OF '06—PROSPECTS OF '07.

The Issues That May be Expected This Year—The Decrease in Prices—The Advance in Yield—Great Britain the Ultimate Purchasers.

The bond market in 1906 has even in greater proportion than any other market suffered as regards prices and activity from the stringency and the high rates for money which has been readily absorbed all over the world in greater trade and commercial activity. The result has been that the large loaning institutions including chartered banks, savings banks, trust and loan companies have for the time almost abandoned the bond market. The San Francisco disaster in April not only bereft the fire insurance companies of funds for investment, but forced large blocks of bonds in an already narrow market. Life insurance companies taking advantage of the higher rates for loans have probably sold more bonds than they bought. It was left then for individual investors to form the basis of the bond buying for the year.

It has been the custom of Mr. E. R. Wood, vice-president and general manager of the Central Canada Loan and Savings Company, with which is allied the Dominion Securities Corporation, to review the bond situation, and the address which he presented on January 5th is a most informing document, succinct and admirably arranged. The Financial Post regrets that space this week prevents the address from adorning its columns in its completeness. Some of the principal points made are quoted.

The average rate in Canada for money during 1906 was 5½ per cent. or 1.10 per cent. higher than in 1905.

Railway gross earnings make a remarkable showing in increases. Banks showed great increases in deposits, assets and loans.

Railway construction proceeded throughout the year at a tremendous rate. The mileage completed, or in immediate process of building, aggregates 3314 miles, at a total cost for line and equipment of $62,000,000, distributed as follows: C.P.R., $23,000,000; C.N.R., $15,000,000; G.T.R., $5,000,000; G. T. Pacific, $7,000,000; Great Northern, $10,000,000: T. & O. $2,000,000.

Considering all adverse elements, the fact that Canadian bonds maintained themselves so well during the year encourages the belief that when some of the hostile influences cease the market will be much larger than ever. Though 1906 falls far below 1905, in amount of bonds issued, it is much ahead of 1904.

The year 1905 was exceptional and large special notations of corporation issues caused the bound from the total of $34,249,247 in 1904 to the total of $134,874,531 of 1905. Instances of such special issues were $30,192,794 Grand Trunk Pacific bonds; $30,636,062 Canadian Northern (both guaranteed by the Dominion of Canada); and $20,308,000 Rio de Janeiro Tramway, Light & Power, a Canadian company operating tramways in the city of Rio de Janeiro, Brazil. Total Canadian bonds issued in 1906 were $53,967,008.

Issues for the past three years have been:

1904.	
Municipal	$13,759,247
Provincial	11,146,000
Corporation	9,344,000
	$34,249,247
1905.	
Municipal	$ 9,031,180
Provincial	346,087
Corporation	125,497,264
	$134,874,531
1906.	
Municipal	$ 9,067,006
Provincial	9,206,000
Corporation	35,694,000
	$53,967,008

Naturally as a result of continued high money rates, bond prices declined. Take for illustration several standard bonds:

	1905	1906	Decline in Points
Vancouver	4.05	4.20	2.01
Winnipeg	3.95	4.12	2.39
Montreal Light Heat & Power			
Lachine 5's	4.65	4.85	3.10
Toronto Ry.	4.25	4.50	2.75

Based on a 20-year 4 per cent. bond. Canadian bonds stood the pressure of the year better than standard United States issues.

Mr. E. R. Wood deals in a most detailed manner with the prospective issues for 1907. These prospects are summarized:

Provincial.

Provincial bonds expected to come on the market in 1907 are:

Province of Ontario, for extension of Temiskaming & Northern Railway (say)	$2,000,000
Province of New Brunswick	1,000,000
Province of Prince Edward Island	500,000
Province of British Columbia	350,000
Newfoundland	750,000
	$4,600,000

Municipal.

Many municipalities refused to sell debentures on which they asked bids. Considering prices too low, they are waiting for an improved bond market.

Probably these bons will all come out during 1907, and if conditions are at all favorable many other issues are already planned for. The coming year then is likely to show considerable activity in municipal debentures.

Some of the more important instances of municipalities refusing to sell issues on which they have asked bids have been: London, $132,410.26; Smith's Falls, $150,000; Owen Sound, $112,500; Winnipeg schools, $200,000; Westmount, $200,000; Stratford, $131,564; Winnipeg, $1,654,440.41; Total $2,580,914.41. 27 other municipalities have offered and refused to sell bonds to the amount of $636,577.64. Total of bonds offered and withdrawn, $3,217,492.05.

Besides the bonds already described as offered but not sold, there will probably come on the market in 1907, in addition to many smaller issues:

East—Toronto, $2,000,000; Ottawa, $360,000; Windsor, $57,000; Port Arthur, $100,000; Dartmouth, N.S., $47,000; Outremont, Que., $10,000; Montreal, Que., $600,000; Westmount, Que., $250,000; Sherbrooke, Que., $75,000; Dalhousie, N.B., $60,000; Quebec, Que., $40,000; Three Rivers, Que., $298,500; Woodstock, N.B., $80,000; Edmundson, N.S., $60,000; Chatham, N.B., $20,000; Springhill, N.S., $39,500; Amherst, N.S., $34,000; Moncton, N.B., $36,000; Bridgetown, N.B., $24,000; Montreal West, $40,000; Total, $4,601,000.

West—Portage la Prairie, $50,000; Regina, $180,000; Saskatoon, $125,000; Edmonton, $345,000; Calgary, $20,000; Vancouver, $315,000; Total $1,038,000.

Corporation.

There is every prospect that corporation bonds to be issued in 1907 will at least equal the amount issued in 1906, and probably will exceed it.

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U.S. STEEL AND CANADA.

A Premature Statement in Regard to Their Intentions in Essex.

In the daily press this week there appeared a despatch from Sandwich saying that work would be begun "during the early summer by the United States Steel Corporation upon a mammoth steel plant employing 5,000 men. The property it stated was under option and was 1,000 acres in extent, chiefly belonging to the Scotten estate of which Dr. R. Adlington Newman is the administrator. This statement is at all events premature. The property in question is under option to parties who may or may not represent the U.S. Steel Corporation or any other company. The option has not been exercised as yet. These are the facts which the Financial Post has ascertained.

If this somewhat prophetic and prospective announcement were correct, it would be a matter of considerable interest and moment to Canada. As a matter of fact the United States Steel Corporation has been intending to locate in Canada. Another point, Port Colborne has been mentioned.

Earning Power
OF ACTIVE
CANADIAN SECURITIES
Our chart, giving quotation record, capitalization and earning power of active Canadian securities, mailed on request.
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